

This is
NOVA SCOTIA
Canada's Seacoast



A GUIDE TO STARTING AND OPERATING AN
Adventure Tourism Business


NOVA SCOTIA
Tourism Partnership


NOVA SCOTIA
Tourism, Culture and Heritage



A Guide to Starting and Operating an Adventure Tourism Business in Nova Scotia

Prepared by:

**THE ECONOMIC PLANNING GROUP of Canada
Halifax, Nova Scotia**

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SECTION 1

INTRODUCTION

SECTION 1

INTRODUCTION

1.1 Purpose of the Manual

This is one of a series of tourism development manuals commissioned by the Tourism Division, Department of Tourism, Culture and Heritage to assist Nova Scotians in the establishment of tourism businesses and in planning for the delivery of tourism services in the province. This manual deals with establishing an adventure tourism business, and is designed to help both existing and new adventure tourism operators in developing a quality, adventure tourism product and building an economically and environmentally sustainable business. The manuals were originally prepared in 1996 and 1999 and were updated in 2005. A new manual on community festivals and events was prepared in 2005.

There are other manuals that deal with establishing different kinds of tourism businesses such as roofed accommodation, campground, local sightseeing tour, receptive tour operator, restaurant, tourism retail operation, and attractions. There are also manuals on how to plan for, develop and market tourism in your community, on the operation and establishment of a local visitor information centre, and on marketing for tourism businesses.

Some of these other guides may be of particular interest to adventure tourism businesses. The Accommodations manual and the Campground manual contain important information you will need to be aware of if you plan on offering any type of overnight accommodation to your clients. If you are planning on offering sightseeing trips, you should refer to the Guide to Starting and Operating a Local Sightseeing Tour Business in Nova Scotia which covers such things as sightseeing tours by boat or motorized vehicle.

The purpose of this manual is to provide you with some of the information necessary in establishing, improving, and operating an Adventure Tourism Business in Nova Scotia. There are a multitude of laws and regulations that affect business and readers should note that the information contained herein is a guide only.

It is strongly suggested that the reader undertake efforts to verify any information on which their business plan is based and not rely solely on the information in this manual. There are areas where you may want to consider retaining the appropriate professional expertise to assist you. While the information contained in this manual is believed to be accurate, as of the Winter of 2005 it is not so warranted. The reader should note that federal, provincial, and municipal regulations, taxes, etc. change frequently and it is recommended that you check with the appropriate authorities, listed in the Appendix, including representatives of the Tourism Division, Department of Tourism, Culture and Heritage and your local Business Service Centre (on-line at www.gov.ns.ca/snsmr/) or at numerous Access Nova Scotia centres around the province, to obtain up-to-date information on these matters.

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1.2 Contents of the Manual

This manual provides information and advice on a variety of topics which will be important in understanding the requirements for success, in assessing opportunities, in planning and development and in starting to operate your adventure tourism business. The following topics will be covered:

- The market for adventure travel in Nova Scotia;
- Requirements for success;
- Practices for environmental sustainability;
- Preparing a business concept and strategic plan;
- Designing the product/experience;
- Feasibility analysis;
- Legal, regulatory, and tax matters;
- Planning for operations;
- Marketing.

Appendices at the back of the manual cover the following:

- Sample Codes of Ethics in Adventure Tourism;
- Business Structures;
- Financing;
- Calculation of Net Income, Cash Flow and Return on Investment;
- Standards and Certification;
- List of Contacts.

1.3 Defining the Experience

What is adventure tourism? Adventure tourism is defined by the Canadian Tourism Commission as:

“...an outdoor leisure activity that takes place in an unusual, exotic, remote, or wilderness destination, involves some form of unconventional means of transportation, and tends to be associated with low or high levels of activity.”

Other ways of describing adventure tourism include;

- It is based upon an outdoor activity involving a sense, or reality, of adventure.
- It is hands-on and involves some level of physical participation, most of it outdoors.
- It takes place in a natural, scenic, sometimes remote destination. In fact, nature is the core experience.

- It is unique, informative, enriching, and exciting.
- It is experiential, and experiential tourism is the way of tourism today.

Adventure tourism can involve a half-day, full day, weekend, or multi-day excursion, and trips can be oriented to one activity, or include a combination of several activities.

There are two types of adventure tourism – “soft” and “hard” adventure travel.

Soft Adventure

“Soft adventure” travel is a travel experience based on outdoor activities which have an element of adventure to them and require some level of physical activity, but which are not highly strenuous or dangerous. These types of experiences normally only require a minimum level of skill or training in order for clients to participate safely and successfully. Some examples of soft adventure activities include hiking, walking, sea kayaking, flat water canoeing, river rafting, trail riding, bike touring, cross country skiing, bird watching, wildlife viewing, etc.

Hard Adventure

“Hard adventure” travel is based on more strenuous activities such as mountain climbing, whitewater rafting, whitewater canoeing/kayaking, and back country trekking. These types of adventures usually require the participants to have a significant level of skill and fitness.

Of the two types of adventure travel, the soft adventure market is much larger and appears to have experienced the most significant growth. This manual will generally give more focus to this form of adventure tourism.

Ecotourism

Ecotourism is a sub-category of adventure travel and was popularized by Ceballos-Lascurain in 1987 as being;

“...tourism that consists in travelling to relatively undisturbed or uncontaminated natural areas with the specific objective of studying, admiring, and enjoying the scenery and its wild plants and animals, as well as any existing cultural manifestations (both past and present) found in these areas.” (Ceballos-Lascurain 1987)

As in adventure travel, ecotourism centres around a participatory, outdoor experience in a remote or wilderness setting, but ecotourism involves a greater focus on environmental appreciation and learning. It has a greater reliance on studying and learning about scenery and wildlife, and is decidedly non-consumptive. Ecotourism also involves a well-defined commitment to environmental conservation and protection, both in terms of philosophy and practice.

1.4 Types of Adventure Tourism Businesses Covered in the Manual

The types of adventure tourism businesses covered in this guide include those that offer the following types of activities, either for a day-trip or less, or for a multi-day period;

- Birding
- Boating
- Canoeing
- Cross-country skiing
- Cycling
- Hiking/walking
- Horse/trail riding
- Kayaking
- Nature photography
- Nature tours/observation/interpretation
- Rafting
- Rock hounding
- Sailing
- Scuba diving
- Snowshoeing
- Whale watching
- Wildlife viewing

Outdoor activities that are “consumptive,” that is, they consume resources such as in fishing and hunting, are not considered in this manual.

Note that scenic boat tours and other types of sightseeing tours, which may be considered a type of adventure tourism, are addressed in the Guide to Starting and Operating a Local Sightseeing Tour Business in Nova Scotia.

1.5 Important Regulatory Information

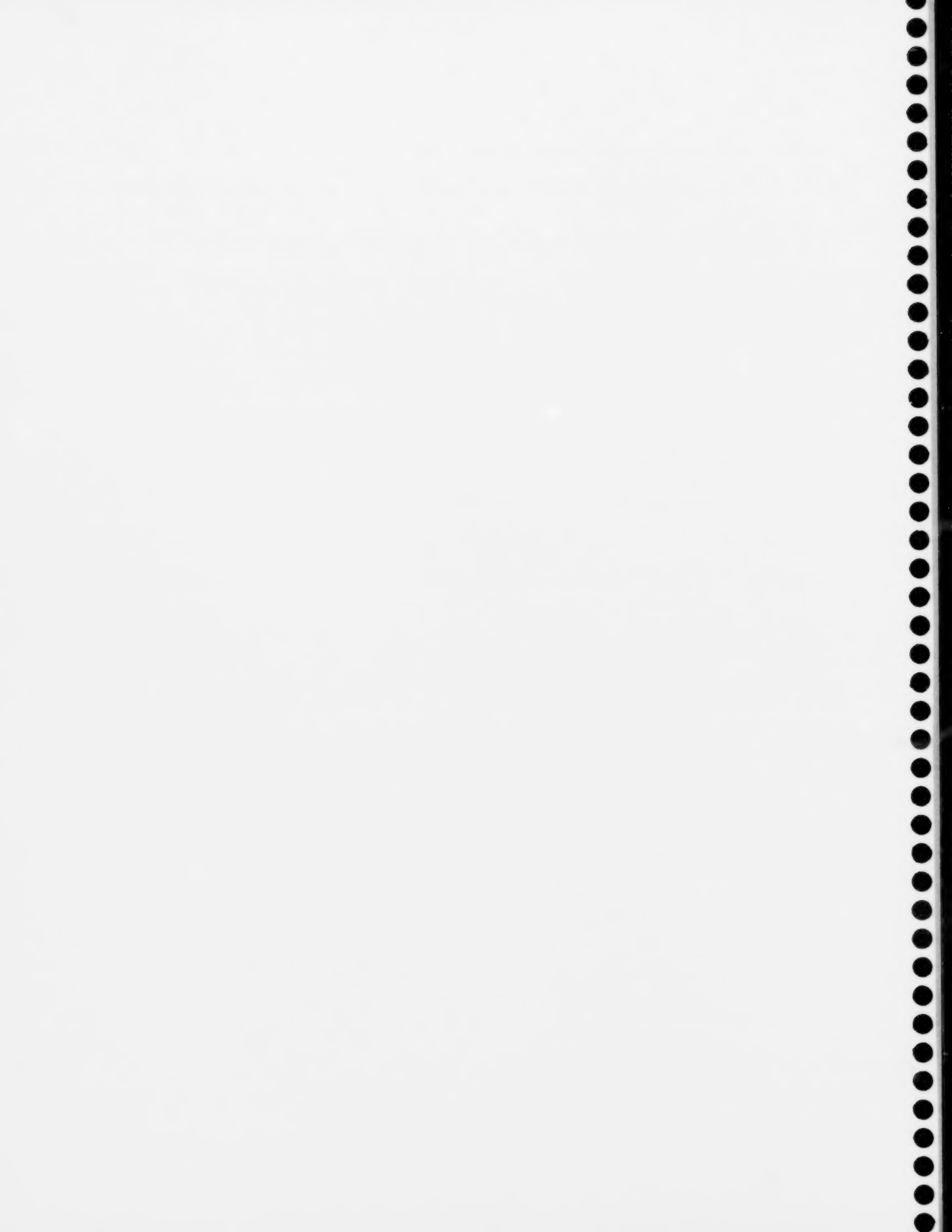
There are a number of important regulations and licensing requirements which you should be aware of when establishing an adventure tourism business. They include, but are not limited to:

- Nova Scotia Utility and Review Board Regulations (vehicle permits and licensing);
- Transport Canada’s Marine Safety Office of Boating Safety and Transport Canada’s Marine Safety (boat rentals, requirements for vessels that carry passengers);
- Department of Environment and Labour regulations;
- Department of Natural Resources regulations;
- Department of Tourism, Culture and Heritage accommodation and campground licensing and regulations (if you plan to provide any type of overnight lodging or camping, including wilderness camping).

These regulations and requirements are discussed in more detail in Section 8. Be sure that you review this section carefully.

SECTION 2

The Market for Accommodation in Nova Scotia



SECTION 2

THE MARKET FOR ADVENTURE TOURISM IN NOVA SCOTIA

2.1 The Adventure Tourism Product

Providing an adventure tourism product does not mean just providing clients with an opportunity to participate in a physical activity; it includes value-added services that the adventure tourism operator provides to make an enriching adventure travel experience. These might include interpretation, guiding services, transportation, support materials (e.g. pre-trip information), as well as meals and sometimes accommodations. These elements make it easier for visitors who are unfamiliar with the activity or destination to participate in a safe and fun way, also increasing the overall quality of their experience.

For example, in order to go canoeing, a tourist needs access to a canoe, ancillary equipment, and knowledge of good canoe routes, portage areas, etc. Most tourists don't have these things readily at hand, and require someone to rent them the equipment and give them some advice on where to paddle. People who supply these types of services are called "outfitters."

Some outfitters evolve into adventure tourism operators by providing more services including a guide, interpretive materials and services, and meals. These kinds of personalized, value-added services provide a richer customer experience. Still other operators go even further in meeting customer needs by developing comprehensive, all-inclusive packages for individuals and groups, adding the extra value of convenience inherent in purchasing the experience in a single transaction.

Adventure tourism operators may include some or all of the following elements in their adventure travel package/experience, in addition to the activity itself:

- Interpretation;
- Guide services;
- Air transportation to the destination;
- On-ground transportation throughout the trip;
- Airport or hotel pickup/return;
- Overnight accommodation (e.g., country inns, B&Bs, camping);
- Specialty clothing and equipment;
- Meals;
- Special features, such as a talk from a naturalist or historian, or entertainment by a local musical group or story teller;
- Attendance at other attractions, activities, or entertainments available in the area;
- Support materials/literature.

Adventure tourism operators can also heighten the quality of the experience by providing interpretation regarding natural history, biology, botany, geology, heritage, and culture – added knowledge which personalizes experiences and makes them more enriching. Such experiences are in high demand among tourism markets today.

2.2 The Nova Scotia Adventure Tourism Product

Nova Scotia has a rich and diverse range of resources on which to base adventure tourism businesses. The province has over 7,400 km of coastline which surrounds a rich and varied land mass of differing geological and topographical characteristics, ranging from the Bay of Fundy showcasing the highest tides in the world, to grassy meadows, old growth forests, coastal cliffs and sea stacks, beaches, and mountainous regions such as the Cape Breton Highlands. Nova Scotia's diversity in geography and natural habitat means that it supports a large variety of flora and fauna that support activities such as birding and whale watching. Many areas of the province, particularly protected areas such as parks, reserves and more undeveloped rural areas, are ideal for a range of adventure travel opportunities.

One of the most unique characteristics of Nova Scotia is its close proximity to differing natural features and adventure experiences. For example, travellers can walk the stark granite rocks of Peggy's Cove, take a tidal bore rafting trip to experience the drama of the Bay of Fundy's tides as they engorge outflowing rivers, and go whale watching or mountain trekking in Cape Breton. All of these activities are available within a day's drive of one another.

In recent years there has been a significant growth in the number of operators offering adventure travel in the province, in response to growing market demand for these types of experiences. Products being offered in Nova Scotia include such things as guided hiking and walking adventures, sailing tours, sea kayaking tours, and whale watching cruises. These products range from same-day experiences to multi-day trips including overnight camping or accommodations, meals, and interpretation. In 1998, there were approximately 200-250 operators involved in adventure tourism in the province.

The Department of Tourism, Culture and Heritage in Nova Scotia has identified three major product categories as being the focus for enhancing and developing product and experiences. These include Outdoor/Nature which encompasses adventure tourism, as well as Culture/Heritage and Scenic Touring.

2.3 The Markets for Adventure Tourism in Nova Scotia

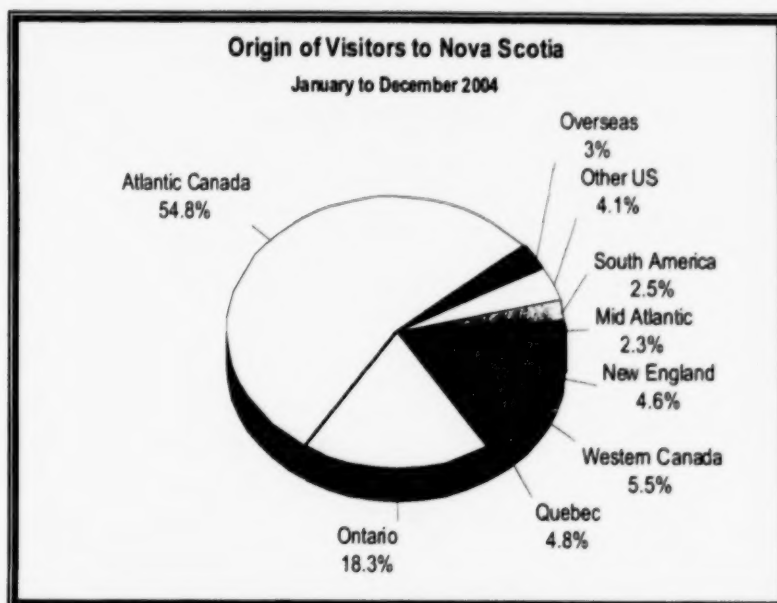
The markets for adventure tourism include visitors from outside the province, as well as residents of the province travelling around Nova Scotia.

Volume of Tourism Activity

Tourism in Nova Scotia is big business with almost \$1.3 billion in direct spending by tourists (includes spending by out-of-province visitors as well as Nova Scotians travelling within the province) in 2004. Tourism directly or indirectly employs over 33,000 people in the province and generates some \$119 million in provincial and municipal tax revenues.

Visitors to Nova Scotia

There were 2.24 million visitors to Nova Scotia during 2004, up 5% from 2003 levels. Increases were seen in almost all modes of travel (except recreational vehicles), but particularly in arrivals by air which were up 12% over 2003 levels. The increase in air arrivals in 2004 continues a longer term trend in arrivals by this mode of transportation which were up 12% in 2003 (the only mode showing an increase in 2003), and 7% in 2002.



This data includes visitors travelling for all purposes - for vacation/pleasure, to visit friends and relatives, for business and for personal reasons.

The majority of visitors to Nova Scotia are from other parts of Canada, particularly Atlantic Canada which accounted for 55% of visitors (1.24 million persons) during 2004, up 6% from the preceding year. Visitors from the US also increased in 2004, by 8%, with 304,000 Americans visiting the province. Some 67,000 visitors from overseas came to Nova Scotia in 2004. The origin of visitors to Nova Scotia for the total year is illustrated in the graph.

During the May to October period in 2004, there were some 1.54 million visitors with some 48% from Atlantic Canada, 20% from Ontario, 6% from Western Canada, 5% from Quebec and 17% from the United States.

Up-to-date information on the volume of visitors to Nova Scotia and their mode of transportation as well as accommodation and campground activity, by region is provided in *Tourism Insights*, a publication of the Tourism Division, Department of Tourism, Culture and Heritage. It can be found on-line at www.gov.ns.ca/dtc/pubs/insights/.

The Tourism Division, Department of Tourism, Culture and Heritage conducts a Visitor Exit Survey (VES) every four years or so. A VES was undertaken in 2004 but the results were not available at the time this manual was updated. Check the Nova Scotia Tourism Partnership Council web site (www.nstpc.com), Research section for the report on the most recent Visitor Exit Survey.

Non-Resident Visitor Participation in Selected Adventure Activities (2000)

Activity	Pleasure Travellers	All Travellers
Hiking in remote wilderness areas	12%	7%
Leisurely walking or hiking	69%	55%
Going to an ocean beach for exploring or beach combing	41%	31%
Nature Observation (viewing tides, fossil hunting, wildlife & plant observation)	51%	34%
Mountain Biking/Cycling	3%	3%
Birding	16%	10%
Visit a National/Provincial Park	34%	25%
Boat Tour for Whale and seabird watching	11%	6%
Sea Kayaking	2%	1%
Other Fishing or Sightseeing Boat Tour	9%	7%
Freshwater Canoeing/kayaking	3%	2%

Source: Nova Scotia Visitor Exit Survey 2000, Nova Scotia Department of Tourism, Culture and Heritage, October 2001

Generally, participation rates in adventure activities are higher among pleasure travellers than for all travellers overall. (All travellers includes visitors travelling to the province for business, visiting friends and relatives, and other reasons, as well as for pleasure.)

Nova Scotians Travelling within the Province

Nova Scotians themselves are also a major factor in the province's tourism industry, making over 5.8 million person trips annually within the province. Some 3.8 million of these are same day trips and just over 2 million are overnight trips. A trip is defined as any overnight trip or a same day trip of at least 80km one way, excluding commuting to work and commercial sales trips. They include trips to visit friends and relatives (accounts for almost 30% of the 5.8 million trips), for pleasure (37% of all trips), business and for personal reasons such as medical appointments.

2.4 Nova Scotia's Tourism Industry Today

As a member of Nova Scotia's tourism sector, you need to be aware of the Nova Scotia Tourism Partnership Council (TPC) and Nova Scotia's Vision for Tourism.

Nova Scotia Tourism Partnership Council

The Nova Scotia Tourism Partnership Council (TPC) is an industry and government partnership that shares in planning and decision making for tourism marketing, research and product development in Nova Scotia. The TPC works with industry stakeholders to realize Nova Scotia's potential as a world class four season destination. It was established following a 1996 Tourism Strategy for Nova Scotia that, among other things, called for a true partnership between the tourism industry and government in everything from marketing to research and tourism development.

The Council consists of 16 members, 14 of whom are tourism industry leaders, managers and business owners. Members of the TPC are selected through an industry call for applications. They must be owners, operators or senior managers of tourism related businesses, and consideration is given to various other criteria, in the selection of members. The TPC oversees the development of the Tourism Plan annually which is presented to the industry at the TIANS fall tourism conference. The Council is also involved in a wide variety of other programs and initiatives. Visit their website at www.nstpc.com for up-to-date information.

The TPC has three core committees - an Executive Committee, a Long-Term Integrated Planning Committee and a Short-Term Integrated Planning Committee.

Nova Scotia's Vision for Tourism - Challenging Ourselves

"100% Tourism Revenue Growth by 2012"

The Tourism Partnership Council's Vision Committee spent two years (2000-2002) developing a process to create a Vision for Nova Scotia's Tourism industry. The Committee looked at issues that the tourism sector could influence or change that would help to create growth and improve industry performance. After a process that included industry workshops and consultations, 11 Vision recommendations were identified for implementation.

These recommendations cover product development, environment, the administration of tourism, marketing, technology, quality, human resources, transportation and research. Responsibility for leading the implementation of the recommendations has been divided between the Tourism Partnership Council, TIANS and the Department of Tourism, Culture and Heritage. For up-to-date information on the implementation of Nova Scotia's Vision for Tourism, check the Tourism Vision section of the TPC's website (www.nstpc.com and select Tourism Vision from the menu bar).

The Tourism Vision is a catalyst to assist Nova Scotia's tourism industry to evolve and grow. It is not cast in stone and is an "unfolding process". Achieving the Vision will require change - by all tourism stakeholders including individual businesses - in how tourism is managed and delivered in Nova Scotia so as to improve quality and generate increased tourism revenues.

Success will be measured "not only by growth in revenues but our ability to work together, maintain our culture and authentic character, develop new markets and products, attract new visitors and improve the recognition of our sector's contributions to our province and various levels of government".

For more information on how you can be involved in the Vision for Tourism visit www.nstpc.com.

2.5 Market Segments

The marketplace for adventure travel is made up of a variety of market segments, each with its own characteristics - including different needs and preferences. It is important that a person planning an adventure travel business identify the mix of market segments that are likely to purchase their products in order to better design the mix of experiences, features, and services to be offered, and to target marketing activities.

Market segments can be defined in different ways, such as the following:

- Geography – where they live;
- Demographics – their age, income, family composition, education;
- Psychographics – what their interests and tastes are, what they believe to be important;
- Purpose of trip – vacation, tour, business, meeting/conference, visiting relatives;
- Means of travel – by auto, air, rail, cruise ship, coach;
- Use-frequency and seasonality – by how often and when they travel;
- Channel of distribution – by how the customer books the trip, for example, by booking a motorcoach tour or through a travel agent.

The first two methods of defining your market are reasonably simple since information on geographic and demographic segments is readily available.

However, the most effective ways of segmenting the market are psychographics and purpose of the trip – because using these market segmentation methods makes it possible to focus your marketing appeals and marketing activities on those consumers likely to have the greatest interest in your adventure travel product. Unfortunately, these methods are also the most challenging when it comes to determining the most effective means of identifying prospects and getting your marketing message to them.

Adventure experiences can be an important travel motivator and the availability of such activities at a destination can encourage people to make trips to that destination. Adventure tourism can vary from an incidental experience in which the traveller participates while at the destination, to the primary trip motivator where the traveller chooses to come to the destination because of the adventure experience. This may be the case for travellers coming for multi-day guided hiking trips or an escorted cycling tour, for example.

The type of experience your business is offering has implications not only for the marketing of your product, but also how you develop and position it. You have to pay careful attention to making sure that you position your product to appeal to the target markets that you have identified. This topic is addressed in more detail in Section 5, Preparing a Business Concept and Strategic Plan.

Many adventure activities appeal to niche markets with a strong interest in a particular activity – birdwatching and back country hiking are two such examples.

Characteristics of Adventure Travellers

Adventure travellers are generally outdoor- or nature-oriented travellers who are attracted to areas of significant natural beauty and uniqueness. They respond to a wide array of travel motivators including adventure, excitement, outdoor recreation, physical activity, personal challenge and growth, opportunity for educational and aesthetic experiences, environmental conservation, and the peace and tranquillity associated with wilderness areas that are relatively free of development and human intervention. They expect to experience activities with varying degrees of risk and excitement.

In terms of demographic characteristics, adventure travellers have traditionally been characterized as individuals travelling alone, in couples or small groups, between the ages of 35 and 55 and with a relatively high level of disposable income. They often are employed in professional or managerial occupations, and tend to be well-educated. In the past few years, adventure travel has become increasingly "mainstream," and is being sought by a much broader group of nature/outdoor-oriented people - adventure travellers now often include families and seniors.

Adventure travellers tend to be recreationally active and outdoor-oriented. They take several vacation trips per year and are willing to pay a good price for unique, unusual adventure experiences. At the same time, however, they are demanding of good quality and are also value-sensitive.

Adventure travel appeals to a diverse mix of age groups - particularly "soft" adventure travel experiences. The soft adventure market is frequently looking for an experience that includes the outdoor activity as well as the "creature comforts" of home, i.e., quality accommodations and meals, hot showers, etc. A smaller segment of this market is seeking a more rustic, "back-to-the-basics" experience featuring such things as wilderness camping.

2.6 Market Trends and Expectations

General Market Trends and Consumer Expectations

If you are going to operate an adventure travel business, it is important that you have some knowledge about travel markets and about trends in these markets. What are today's travellers looking for? What are they likely to want to do and see? What are their expectations about service and value? What types of activities are experiencing growth and which ones are declining?

The points below highlight some of the major trends which are being experienced in our society and the implications of these trends on the general travel and tourism industry.

- The population of North America is changing, largely due to the aging of the Baby Boom generation and the resultant growth in the mature population. These boomers are seeking new experiences but are less inclined to "rough it." They are interested in cultural and heritage experiences, in learning, in soft adventures such as nature viewing, bicycling and hiking. They also enjoy 'lifestyle' amenities in their travel, such as fine dining, quality entertainment; the finer things of life and will pay for value.
- Growth markets of the next 10 to 15 years will be today's young seniors and the baby boomers. Some travel related implications are:

- These market segments are generally much more wealthy than earlier generations and have a strong interest in travel.
 - They represent a large market, and will increasingly have time, and resources for travel.
 - They are expected to take longer, extended stay vacations.
 - They have high expectations of quality and value – they are prepared to spend money to get good quality.
 - They are more educated than earlier generations, highly sophisticated and individualistic – they expect, and demand, good quality, professional service.
 - Family values are important to this market – there is an increasing trend towards "grand" travel (travelling with grandchildren).
 - They are likely to be less interested in structured group travel.
- The baby boomers have demanded more from their travel than previous generations, and particularly in their leisure travel. They have been responsible for the growth in experiential tourism - a desire for experiences that are meaningful and memorable. "Experiential tourism encourages visitors to participate and promotes activities that draw people into cultures, communities and the outdoors ... It shows rather than describes. It encourages people to actively participate in the experience ... it is very personal and individual... they seek diverse experiences that match their interests and provide a sense of personal accomplishment"¹
 - The growth in the use of the Internet has had profound implications for the tourism industry and for consumers. It has provided the industry with a powerful and very cost-effective new marketing tool. And it has empowered consumers by make it very easy to research travel offerings and shop for deals.
 - There are an increasing number of working couples, resulting in less flexibility in vacation and leisure time. As a result, there has been a strong shift from the traditional, two-to-three-week annual vacation to more frequent, shorter vacations. One result of this is that travellers are more concerned with having special experiences on their vacations. Since they only have a short amount of time off, they want to make sure they have the best possible time.
 - With limited time, travellers are seeking simplification in their trip planning and purchasing. As well, more trips are being planned at the last minute.
 - There is growing interest in culture and heritage. Travel markets want to experience other cultures as part of their travel, and also to learn about the history/heritage of an area.
 - There is growing interest in a more active and healthier lifestyle and in the outdoors and the natural environment.
 - There is growth in shoulder and off-season travel.
 - There is more desire for retreats for relaxation, personal healing, and spirituality.
 - There is growth in the number of specialty tour operators and they are continually seeking new destinations for their increasingly well-travelled clients.

¹ Minister's Round Table on Parks Canada 2005, Pre-reading Material - Facilitate Visitor Experience, page 1

- Air travel has become cheaper (thanks to the growth in discount carriers in Canada and the US), easier and more accessible. This is supporting a growth in shorter, destination trips - "Fly-Tour/Do" rather than longer touring trips or "Drive/Drive" trips. This means more time at the destination, and participation in more activities and experiences.
- Value is important to travellers, and is perceived to be a mixture of price, quality and convenience. Today, for the first time, the convenience factor is more important than price.
- Travellers want customization in their travel experiences.

Adventure Travel Market Trends and Consumer Expectations

Some more specific adventure travel related trends follow below:

- Adventure tourism was one of the great growth markets of the 1990s, and growth is expected to continue, albeit at a more modest pace perhaps.
- The growth in adventure tourism reflects a trend toward special interest tourism products, outdoor activities, ecotourism, learning and physical activity. All of these are combined in adventure tourism.
- Consumers want experiences that are unique and genuine, not contrived or superficial.
- Travellers are increasingly sensitive to environmental practices and conditions, and are more respectful of local values, traditions, and cultures than in the past. In fact, tourism experiences which exemplify the natural environment and celebrate culture are of growing interest and appeal to tourists.
- Adventure travellers have often participated in adventure experiences in other destinations and are attuned to good quality. They will seek out superior quality experiences and pay more, but only if the value is there.
- Enriching, fulfilling adventure experiences are being sought as travellers look for more experiential, participatory, and fun activities which provide some level of learning.

2.7 Product Trends

Adventure tourism has evolved in recent years in response to changing consumer demands and expectations, and there is heightened competition for adventure travel as more destinations develop and market this form of special interest tourism. Some of the more notable product trends with respect to adventure tourism include:

- The whole issue of liability, insurance and risk management has emerged as a critical issue for the adventure travel sector, so much so that it has become a significant barrier to entry and has forced some out of the business. And new regulations, particularly associated with boats and watercraft are pending.
- New, non-traditional destinations are establishing themselves as markets seek out more unique and specialty adventure experiences.

- Adventure tourism operators are offering a more sophisticated and superior product to respond to today's well-educated, well-travelled and demanding adventure market.
- Providing quality, informed, educational, yet entertaining interpretation is a key element of quality adventure tourism products. This added value is what makes the experience unique and encourages travellers to participate in guided rather than self-guided tours.
- Adventure travel operators must adapt to market needs and expectations, particularly with regard to fitness levels and the desire for physical activity.
- Increasing competition is resulting in more specialization among adventure tourism operators, as well as more collaboration and cross promotion.
- There is a growth in adventure experiences that incorporate a number of different activities, for example, hiking, kayaking and cycling, all in one tour.

2.8 Distribution Networks

There are a variety of different networks through which you can sell your adventure travel products. You can sell your product directly to the consumer yourself, or you might work through a number of different intermediaries in the travel trade. The travel trade includes:

- Travel agencies;
- Inbound or receptive tour operators;
- Others such as airlines, travel clubs, incentive wholesalers.

If you elect to sell your product directly to the consumer, you will need to develop a marketing plan and materials appropriate to this approach. Today, the World Wide Web and the Internet are increasingly being used to sell directly to the consumer, particularly by small, niche operators. Use of the Internet to seek out and book travel experiences has increased exponentially and is now becoming the norm. At the same time, the Internet provides an opportunity to get large amounts of information to different target markets at relatively low cost.

Another approach to selling your tours and broadening your market reach is through partnerships with the travel trade – particularly with tour operators in your key markets who specialize in the adventure products you will be offering. Other potential partners include retail travel agencies, and receptive operators in Atlantic Canada who specialize in such products. These operators arrange services such as activities and adventure tours for inbound operators coming to Nova Scotia.

There has been growth in travel trade intermediaries specializing in adventure travel in recent years, including adventure travel tour operators, adventure travel receptive tour operators, and adventure travel resellers. Each of them may be a potential marketing partner for you.

More details on working with the travel trade, including net rates and commissions, are discussed in Section 10.

SECTION 3

Requirements for Success

SECTION 3

REQUIREMENTS FOR SUCCESS

The adventure tourism business is a challenging one and success is dependent on a variety of things. The way you design and develop your business, how you operate it, the quality of the experience you provide your customers, and how you market it, will all play major roles in determining how well you do. Rather than leave it to chance, the smart operator is sensitive to success variables in the business. We will address each of the key success variables in this section.

Each of these are principles of what it takes to succeed. They should be read as an overview of what you need to accomplish. How you accomplish them is the subject of the rest of the manual.

3.1 The 'Marketing Concept' Approach to Designing Your Business

To be successful today, owners and managers of tourism businesses have to have a marketing orientation – a customer focus. That means everyone in the business must make decisions by asking the question "How can I best meet the needs of the market and the individual customer?" Marketing orientation can be defined as follows:

"Marketing orientation is a way of thinking – a frame of mind. It is, if you like, a business philosophy. If you adopt a marketing orientation, it means that whenever you think about your business, you do so from your customers' point of view, not from your own. It means accepting the idea that the purpose of your business is to serve the wants and needs of your customers, and to meet or exceed their expectations.

In other words, it means putting your customers first. For this reason, it is sometimes also called a customer orientation.²

Why is this so important? Why can't we just do what we think is best? Because satisfying a customer's expectations involves doing a lot of things right, and that doesn't happen easily.

Some tourism businesses think it is good enough to have a decent sign in front of their property, buy an ad in Nova Scotia's Travel Guide - Doers and Dreamers - and then wait for customers to come. Others – those taking a marketing orientation to their business – make an effort to identify their best market prospects, modify their product to best serve the needs and demands of the different groups they are targeting, and then design their marketing activities to focus on these groups. While having a good sign and an ad in the Doers and Dreamers guide will very likely be

² The Economic Planning Group, Tourism is Your Business: Marketing Management, prepared for Tourism Canada, 1986

part of this approach, these should not be relied on, by themselves, to bring the business in the door.

3.2 The Strategic Plan

Developing your business in the context of the marketing concept requires a strategic plan for the business, one that identifies the best market opportunities along with all the key business features necessary to successfully and profitably pursue those opportunities. The strategic plan is an overall, long term plan for the business, setting out the following:

1. The long term vision and goals, and the measurable objectives for the business
2. The markets to be pursued and the marketing strategies and networks to be employed
3. The products and services to be developed and delivered that will have the features necessary for them to succeed in the competitive marketplace
4. The resources that will be brought to bear in achieving success and profitability
5. The tracking tools to measure progress

The specifics of what is required for success are set out below.

3.3 Knowing Your Markets

Understanding your markets and your customers is essential in making sure your products and services respond to their needs. This involves identifying your market segments, and collecting research on their interests, expectations, and travel preferences. Success is based on responding to customer needs and wants, not pushing what you have to offer.

3.4 Market Segmentation

Don't try to be all things to all people. The challenge is to match the right products with the right market segments, and this means understanding market segmentation.

A market segment (as mentioned in Section 2) is a community of prospective customers who share some common characteristics, and, presumably, can be appealed to in similar ways. A market segment can be an age group, residents of a particular community, members of an organization, people sharing an interest in an activity (e.g., bird watching), and so on.

Careful attention should be given in your initial planning stages to the mix of market segments offering the most potential for your business – particularly those segments for which your adventure tour/package will have a competitive advantage.

Other considerations include market size (Is the market segment large enough to offer significant potential?), whether it is growing or declining, and whether it's reasonable to expect the market to pay for the product you are planning to offer.

3.5 Unique Selling Propositions (USPs)

Marketers talk about USPs, which are the "unique selling propositions" put forward by a business to maximize market interest and establish competitive advantage. A USP is, in effect, a feature or

statement of what makes you special – the unique appeal of your adventure tourism product to the customer. Your USP will also help differentiate your product from that of the competition.

An adventure tour/package USP is likely to be based on the unique experiences the tour offers. It might be the opportunity to view whales while sea kayaking along the coast, or a special evening of seafood and entertainment under the stars. USPs may also be based on a special package, customized interpretation, or a unique, special interest tour having particular appeal to a particular niche market segment.

Having at least one USP, and preferably more than one for each of the major markets you are targeting, is fundamental to success.

3.6 Competitive Advantage

A related factor is competitive advantage. This is the advantage one business has over another in the marketplace in its ability to draw customers. It may be a higher quality experience, a more accessible or convenient location, an exclusive feature not available to competitors, a broader range of services, or better or more friendly service. Or, it might be based on the quality and expertise of the guides/operator.

The increasing number of adventure tourism operators entering the marketplace, both in Nova Scotia and elsewhere, has resulted in increased competition and a greater need for businesses to develop competitive advantages to help fill their trips and justify charging prices that will enable them to become profitable.

It is also important that you offer as many competitive advantages as you can if you want your target markets to purchase your trips rather than someone else's. This is particularly true if you're new to the market and your competition is already well established, since it's tough to change people's loyalties and habits – you have to give them a strong set of reasons to do so!

3.7 Differentiation

The strategy employed to build competitive advantages is called differentiation. It means planning your business in such a way as to make it different from your competition, in ways that will appeal to your target markets.

It is preferable to develop differences that will be difficult for your competition to copy or to counter, as opposed to things such as price, for example, which can be matched quite easily. Examples of differences include; better quality adventure equipment, better quality interpretation, higher guide to customer ratio, unique adventure locations, or unique trip highlights.

3.8 Product/Market Positioning

The previous four issues - market segmentation, USPs, competitive advantages and differentiation will be implemented within your positioning and branding strategy. Positioning refers to how you make yourself unique in the competitive marketplace - your higher quality, or the most convenient location, or better value, or cheapest, and so on. Branding is how you communicate that positioning in a graphic and/or brief text statement.

In the Nova Scotia Tourism Partnership Council's 2005 Tourism Plan, under 'Brand Positioning Statement' on page 9, the text reads, "The brand positioning statement is the "unique point of difference" we are trying to create in the minds of potential visitors. It aims to define who our customers are, how we would like them to perceive us - and our unique attributes."

Having a positioning and brand strategy is important to businesses promoting themselves in a very competitive marketplace, in which the target audience is bombarded with constant marketing message. The brand and positioning statement helps you get through the clutter for the necessary moment it takes to connect with the audience.

3.9 Sufficient Market Potential

None of the preceding variables will be adequate for success if the market isn't big enough to support your business (or you don't have the available resources to attract the markets you're targeting).

However, the need for sufficient market potential is somewhat different for those adventure tourism operators offering part-day experiences that are incidental to the main trip purpose (i.e., travellers are coming to the area already), and those offering multi-day destination or "demand-generating" experiences.

For part-day trips, small customer volumes on existing (competitor) adventure tours and low prices in the area are signs of an inadequate market size. On the other hand, large customer numbers, regular "turn-aways" because of limited capacity, and premium prices are all indicators of a growing market and/or an under supply of services. You will want to establish your operation in this latter kind of market environment.

For the destination adventure travel product (a multi-day product), the issue of sufficient market potential has more to do with the ability of the business to reach its target markets - of having sufficient resources and know-how to implement a successful marketing program for these segments.

3.10 Quality Website and Internet Strategy

The Internet has rapidly become a vital tool for every tourism business. It provides ready access to all kinds of information of value to the business. It also makes possible the website, which companies are increasingly finding to be their primary marketing tool today. Having a good website is a vital part of every tourism business; not having one, or a reasonably good one, is a dis-qualifier in many markets.

Having a website is not the only issue associated with the Internet, as discussed below. It also makes possible email, and modern e-marketing techniques. And working in conjunction with a company's website, a website visitor registration program and a database system, it provides the basis for direct, one-on-one, highly targeting direct marketing to prospects.

3.11 Customer Relationship Marketing and Loyalty Management

Following from the modern direct marketing methods and internal customer databases available today is the concept of customer relationship management, or CRM, which has become a key strategic focus of many businesses today, including tourism businesses. The idea here is that once you have a good prospective customer through your marketing efforts, or a prospective repeat customer, along with some information on the purchase preferences of that prospect, you have an opportunity to actually build a relationship with that individual, such that they buy from you; ideally, again and again. They become a loyal customer.

3.12 Marketing Network(s)

In the tourism industry many companies find it worthwhile to link their marketing efforts to those of others. The idea is to piggyback on the marketing program and resources of others that are targeting the same markets as you and that are willing to work with you, thereby extending your marketing reach and effectiveness. Examples include:

- Nova Scotia Tourism Partnership Council partnership marketing programs
- Your regional or city destination marketing organization, such as Destination Halifax or the South Shore Tourism Association
- The travel trade - tour operators and receptive operators
- Packaging partnerships with suppliers of complementary products and services
- Other 'homemade' alliances of like-minded operators willing to work together

Developing and maintaining such relationships and networks can be very valuable for your business. Also everyone at the destination is part of the 'destination sell' and needs to work together to that end.

3.13 Location, Location, Location

For many types of businesses, it is true that the three most important things are location, location and location. For the adventure tourism business, however, it is a combination of being able to provide a quality adventure experience, being accessible, and for those adventure businesses featuring part-day experiences, being reasonably close to the market. Being closer to the market is also important when you have competition in the area.

If you are offering a part-day experience that is dependent on attracting travellers who are already in the area, then your location is much more important. In this case, you will need to locate your base where there is a ready market for it and where the market is large enough to support it, and also where you can provide a quality experience.

However, if your market is people who travel to Nova Scotia specifically to take your adventure trip, it doesn't matter as much if you are located in a remote area with no drive-by traffic. Support infrastructure must be available, however, since you do not want to spend too much time transporting your clients from the tour location to the accommodations base, for example. Lengthy drive times are detrimental to an adventure tourism experience.

3.14 Importance of Product Knowledge and Interpretation - Nature, Culture, Heritage

Being an expert at the adventure activity is essential for adventure operators and guides. Operators and guides must have the technical ability and skills in the activity, as well as expertise in safety and emergency aspects and equipment use. This is fundamental in providing a safe experience.

Knowledge of the natural environment and its resources is also paramount, including such things as wildlife biology, botany, natural history, and conservation and environmental issues, depending upon the nature of your business.

Respect for the environment because of its importance in supporting adventure tourism must also be practised and conveyed to clients.

Adventure operators and guides must also be skilled at providing quality interpretation – relaying educational and anecdotal information in an interesting, fun, yet informed way. You should plan to be an expert on a range of topics having to do with the natural, cultural, or human heritage of each area you utilize for adventure tours.

While interpretation is a vital aspect of guided adventure tours, you need to be aware of your clients' interests and be skilled at "reading" what type and scope of interpretation they are looking for. For example, some clients may be especially fascinated with detailed information such as an explanation of traditional medicinal uses of indigenous plants, whereas this type of information may be of no interest to others.

3.15 Providing a Quality Experience

Providing a quality experience is a paramount success factor in the adventure tourism business. The experience should be comprehensive, fulfilling and enriching.

A great adventure experience is characterized by;

- Uniqueness;
- Outdoor adventures of quality;
- Good equipment;
- Quality food, well prepared from fresh, local produce, seafood, etc. (where meals are included);
- Friendly, skilled, knowledgeable guides;
- Quality interpretation regarding nature, culture, heritage;
- Clean and well maintained facilities;
- Trouble-free arrangements;
- Small groups;
- Uncrowded surroundings.

A quality experience is also fundamentally reliant on the quality of the resource and the environment. A clean, natural environment, with scenic landscapes and vistas, and a rich and diverse base of flora and fauna are all essential factors.

3.16 *Personal Time Commitment*

If you are going to operate an adventure tourism business, you must be prepared for the demands it is going to make on your time. Running an adventure tourism business often takes 14 hours a day or more, at least during your operating season. Guides operating multi-day trips are under 24-hour-a-day job pressure and are expected to respond to customer needs around the clock.

Since adventure tourism businesses are generally small, you are not likely to be able to afford to hire many, if any, management staff. As a result, you will most likely be responsible for all of your business's management functions, including product development, marketing, sales, and delivery. Your guide(s) may also have multiple roles, e.g., acting as the van driver, interpreter, guide, cook, etc.

In the early years, you may be guiding tours as well which means you will need to make arrangements for handling administration, sales, and management functions while you are in the field. Later on, you may need to hire several guides to operate your tours/packages while you manage affairs at the office.

So, don't expect to run an adventure tourism business as a part-time job. The time commitment on your part will be significant, even though you may not be able to draw any income from the business for several years. But stick with it – entrepreneurship can be rewarding and fun!

3.17 *Commitment to Service and Hospitality*

You will need a strong commitment to service and hospitality and you will have to recognize that the needs and expectations of your customers are of primary importance. You must enjoy dealing with people and have excellent interpersonal skills and high standards of hospitality. You will also need a high degree of tolerance, particularly to operate multi-day tours where you will spend a significant amount of time with your guests.

Portraying a sense of enthusiasm and excitement to your clients is also an important aspect of a quality adventure tourism experience. For example, sighting a rare bird can be commonplace for you, but is something truly unique for your customers.

"Going the extra mile" is another important characteristic of excellent customer service.

3.18 *Pricing for Profit*

Knowledge of pricing techniques is very important for achieving success. Several things must be considered: competitiveness, prices for each product you offer and each season, variances for different types of groups, and yield management (balancing prices against potential volume to achieve the greatest revenue) – all directed at achieving profitability and a good return on investment. This topic will be addressed in detail in Section 9.

3.19 *Entrepreneurship*

Entrepreneurship is the art of being an entrepreneur. An entrepreneur is a business person who, in operating a business, is constantly responding to market opportunities and challenges. In other

words, an entrepreneur sees his or her business as a mix of assets and people who can respond to unfulfilled market opportunities that may arise, rather than as a fixed, unchanging product. The entrepreneur operates on the assumption that markets are changing constantly, that competitive advantage is a temporary thing, that customer loyalty is fickle, and that opportunities come and go.

This is in contrast to the business operator who waits for customers to come in and never seeks to modify the product. The business assumption of such an operator is that the market changes little over time and that the customers will keep coming regardless. Too often tourism operators adopt this latter attitude, while, in reality, the marketplace is much closer to that perceived by the entrepreneur.

Taking an entrepreneurial approach to planning and designing your business is vital; but it is also important to continue this management approach in ongoing programming, packaging, and marketing.

3.20 Management Skills

The tourism business is a difficult business at which to excel, and requires concerted effort and professional skills in many areas. Too many investors underestimate the complexities involved and enter the business ill-prepared in terms of expertise and skills.

In addition to having suitable qualifications and expertise in the adventure activity itself (mentioned earlier), the successful adventure tourism operator must develop a basic understanding in a wide range of other areas, including the following (these are addressed in more detail later in the manual):

- Entrepreneurship (knowing the marketing concept, understanding customer needs, how to reach the customer)
- Marketing (advertising techniques, design, direct selling, market research, pricing, tracking, measurement)
- Human resources (hiring and training guides, supervision, quality control, staff motivation)
- Operations (designing for the smooth, trouble-free operation of your business)
- Food and beverage service (inventory management, trip menu planning, purchasing)
- Interpretation
- Safety and emergency skills (medical, hygiene, diet, emergency response)
- Administration (payroll, finances, budgeting, cash flow, accounting, sales, reservations)
- Service excellence and interpersonal skills
- Sustainable use (minimum impact, environmental education)

Guide skills are also very important to the success of your operation. They are addressed in Section 9.

3.21 Computer Skills

The computer has become an indispensable tool for every business today, so having computer skills is now a virtual necessity for most business people. Managers and staff need to be able to use word processing to record information and communicate by mail, to send and receive email, to do research on the Internet, to maintain a decent website and to use a spread sheet for

budgeting. The computer is also a vital part of virtually all modern internal business systems, including revenue management systems.

3.22 Starting and Growing the Business the Right Way

Starting an adventure tourism business can be a lot easier than many other types of tourism businesses, although developing it to the point that it can fully support you is probably a lot harder and takes a lot longer.

First of all, don't expect the business to support you and your family for the first several years, particularly if you are establishing a business that is targeting markets who travel to Nova Scotia primarily for your product, i.e., the destination market. There is a long, slow development period for these types of businesses and, at the same time, the profit margins are relatively low, meaning you will need a significant volume of business to generate a decent income. However, if you are starting an adventure tourism business that caters to existing, close-by markets and you have some strong USPs, the business may well mature fairly quickly. But once the business does mature, your image and the market awareness of your product are what will help sustain and protect your market share.

To get the business "off the ground," you will need to have sufficient investment capital available for purchasing the necessary equipment. It is important that your debt burden not be so high that it drains away any profits you make.

You may be well-advised to start the business on a fairly small scale for the first year and delay investing a lot of money in large amounts of equipment until there is evidence of some demonstrated market support for your product. On the other hand, you have to take care not to have such a modest offering that it doesn't attract market interest.

You can pace your capital investment and your financing needs in keeping with the volume of business that you generate. This is an advantage – adventure tourism businesses have far more flexibility in growing their business than do many other types of tourism businesses. They can grow almost totally in pace with the levels of demand, and in many cases, can be relocated with a minimum of difficulty, if necessary.

However, part of successful planning for any business is anticipating the need to adapt and grow. While you should probably plan to start small, increased demand may dictate an expansion and your initial planning should consider this possibility. You need to have the right strategy in mind as to how you want the business to grow, recognizing that it may be necessary to shift the market mix of the business if one or more markets are disappointing, if others prove to be better or if entirely new market opportunities open up. For example, if one type of trip always fills and is profitable, but another generates very little interest, you can offer more departures of the former trip and eliminate the one with little demand.

Once you are in operation, you will also need enough ready cash to finance marketing activities, and the day-to-day operation of the business. Too many businesses are established without adequate provision for working capital and then end up cutting back on marketing or staff, all of which will weaken the business. In addition, such a business will be slow paying its bills and will get into trouble with its bank and creditors. A business won't last long this way.

3.23 Risk Management and Insurance

The world has changed in recent years for the adventure tourism sector; difficulties in getting insurance and skyrocketing costs for insurance, new regulations from Transport Canada with respect to boats and watercraft, new standards of safety and risk management practices are just some examples.

Risk management has become an essential part of every adventure operator's business. A report published by the Canadian Tourism Commission in 2003 had this to say about it:

"Relying exclusively on insurance to cover the risks of your business is no longer viable. Business organizations worldwide have adopted 'risk management' principles to address the increasing legal, ethical and financial obligations to manage the principal risks of their business."³

This topic is addressed in Sections 7 and 8.

3.24 Memberships

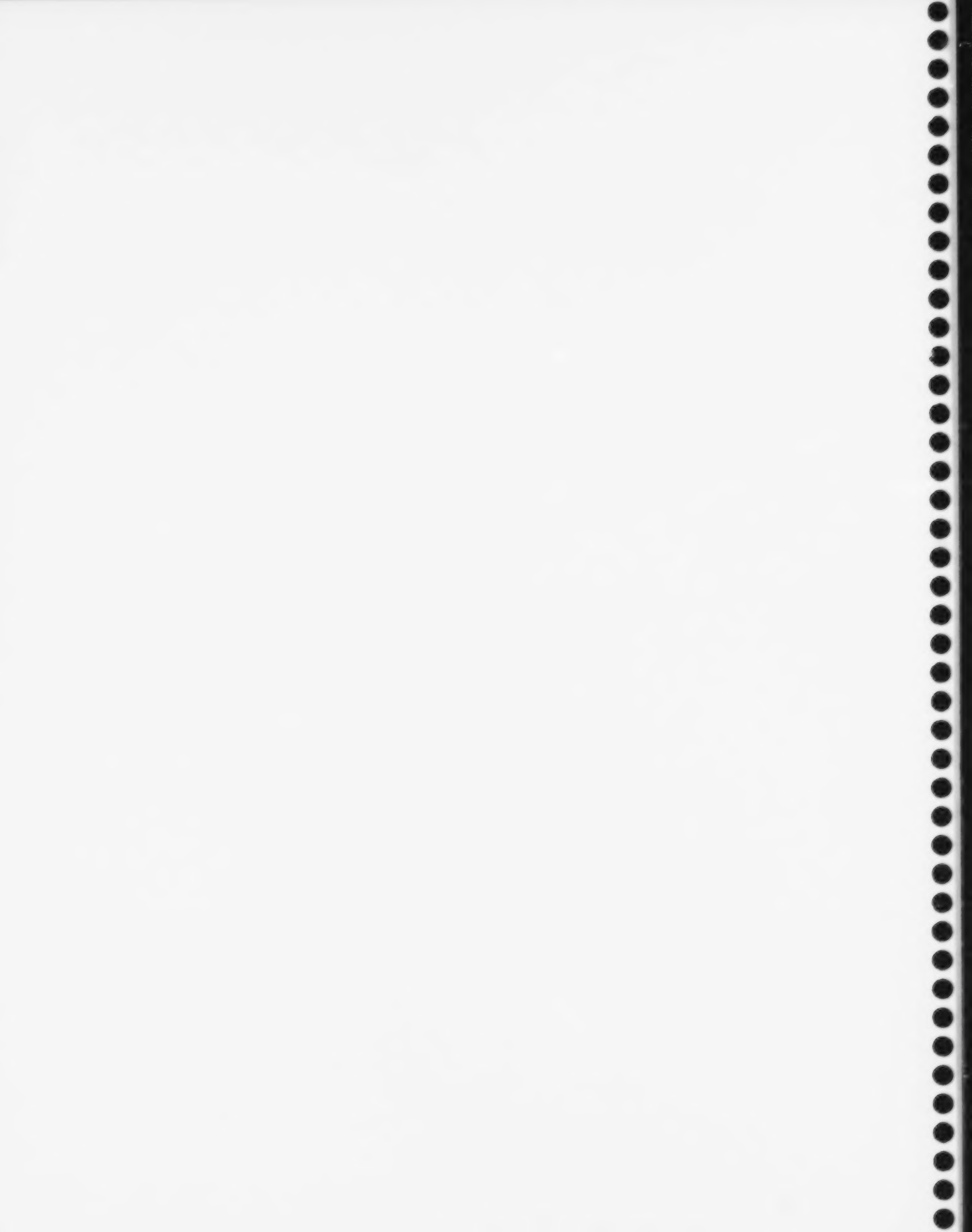
Membership in a variety of professional organizations can be a good way to connect with other people in the industry, to seek out partners for marketing and packaging activities and to compare notes on the operation of your adventure tourism businesses. We recommend that you consider joining your regional tourism association, as well as the Tourism Industry Association of Nova Scotia (TIANS) and the Nova Scotia Adventure Tourism Association.

There are also a variety of professional associations at the national and provincial level which may be appropriate for your type of business, such as the Canadian Yachting Association or the Nova Scotia Yachting Association. These associations can be particularly valuable in connecting you with adventure tourism companies offering similar products.

³ 'Risk Management Guide for Tourism Operators', prepared for the Canadian Tourism Commission by RM Solutions, 2003

SECTION 4

***Sustaining the Quality of
Your Adventure Experience***



SECTION 4

SUSTAINING THE QUALITY OF YOUR ADVENTURE EXPERIENCE

4.1 The Importance of Providing a World-Class Experience

Blessed with outstanding natural beauty and scenery, a remarkable coastline with numerous bays, inlets, and islands, and a rich biological diversity and cultural heritage, Nova Scotia has a vast wealth of resources from which to develop world-class adventure tourism experiences. However, the continued success of Nova Scotia's tourism industry, and more importantly, the growing adventure tourism sector, is inextricably linked to the quality of these resources and our environment overall.

Today's consumers are the most educated generation of travellers and they have a keen awareness and concern for the environment. They come to Nova Scotia to experience our scenic beauty and unspoiled countryside, and to participate in an enriching adventure experience. Part of their motivation is to get away from the stresses of urban life, including crowding, pollution, and crime. These visitors attach a high degree of importance to the availability of quality natural resources at their vacation destinations, and they are put off by destinations who don't take care of their environmental heritage. It is, therefore, in the best interests of your business to have a high concern and respect for the environment and the natural and cultural resources you utilize in your operations.

Not only are environmental issues of concern to your clients, they are vital to the long-term economic viability of your business! Consider a sea kayaking adventure where clients paddle past polluted beaches and where the water is not fit for swimming. Such a trip would not be popular and would quickly result in poor word-of-mouth publicity and lost sales. However, if the location was pristine, fresh, and scenic, sea kayakers would enjoy the outstanding quality of the environment and they might even encourage other travellers to purchase your trips.

A quality environment is the key ingredient to optimal customer satisfaction and the success of your business. An added bonus is that being environmentally responsible is the right thing to do! Society is increasingly applying pressure on businesses to comply with environmental protection mandates, and those that demonstrate a respect for the environment stand to gain valuable recognition as responsible, ethical operators. In fact, today's consumers are increasingly seeking out adventure and ecotourism businesses that are environmentally responsible. Promoting this to your clients will help you position your business as having an environmental ethic and will also boost your credibility as a world-class operator.

4.2 The Challenges Facing Our Environment

As we move forward in the 21st century, hosts of environmental stresses are threatening the sustainability of our natural resources on both a global and regional scale.

In Nova Scotia, this is also true. While our environment may appear to be relatively pristine compared to many other areas of the world, this is largely due to the province's low population density and limited industrialization. In fact, Nova Scotia's terrestrial and aquatic environment is increasingly under environmental stress. Resource-extracting industries such as forestry, mining, fishing, and other forms of industrial development continue to expand their reach into wilderness areas. Urbanization continues to encroach on fertile agricultural lands and wilderness areas, and pollution is undermining the stability and integrity of many of our richest assets.

For example, sewage dumping is still a major challenge yet to be overcome in Nova Scotia, one which has a very serious impact on coastal ecosystems including marine life, the quality of our beaches, and ultimately, the long-term viability of our adventure tourism operators.

Careful development, active conservation and protection of valuable resources and wilderness areas are all important to the long-term protection of our environment.

The Need for Conservation

Conservation is perhaps the single most important requirement in preserving the quality of our environment and in growing and sustaining a quality adventure tourism industry in Nova Scotia.

Conservation will allow us to preserve the integrity of our resources so that they may be used and appreciated by future generations of adventure travellers. Without conservation, our unique, fragile, and representative environments would go unprotected, inviting inappropriate development and resulting in degraded ecosystem integrity, habitat loss, and wildlife displacement and eradication. Even environmental resources which may not be particularly sensitive, but which are valuable for their inherent natural or cultural characteristics, require some form of conservation to ensure they are not degraded or lost over time.

Canada's rich system of National Parks, Reserves and other protected areas are a penultimate example of environmental conservation. These resources often form the building blocks of many world-class adventure tourism experiences. In fact, many adventure tourism operators in Nova Scotia and elsewhere in Canada rely on the presence of these resources to provide the venues for their adventure tourism products. For example, Cape Breton Highlands National Park offers world-class back country hiking and wildlife viewing. Kejimikujik National Park offers excellent cross-country skiing and canoeing.

4.3 Taking Action to Protect Your Investment

As an adventure tourism operator, there is a heightened need to value the importance of conservation. Conserving your natural resources benefits your customers, enables you to sell trips and generate profits, and helps position you as a "model" of environmental responsibility.

Given the nature of adventure tourism and its fundamental reliance on a healthy environment, operators and guides have an economic and vested interest in protecting the environment. Without a quality environment, you cannot ensure the long-term sustainability of your business.

In addition to understanding conservation efforts, it is also important to practice conservation in your operations. This involves being an environmental steward. Environmental stewardship means working as a "community" to proactively conserve and protect the environment. It requires the identification of environmental issues, and the development of integrated strategies on which to base conservation decisions.

Let's now look at the concept of how to sustain the quality of the environment, and your adventure tourism experience, in more detail. We will also look at specific "how to's" of doing this.

Ways in which Adventure Tourism Operators can be Stewards of the Environment

- Always look at the "big picture;"
- Get involved in local or regional environmental and conservation efforts;
- Network with other tourism operators to protect resources which are important to you and the livelihood of your business;
- Collaborate with other interested individuals and community members to foster conservation and protection;
- Support local or regional research efforts.

4.4 Environmental Sustainability: Sustaining Our Nature, Culture, and Heritage

The Concept of Sustainable Development

The concept of sustainability, first introduced in the 1980 World Conservation Strategy and later popularized in the landmark 1987 World Commission on Environment and Development document *Our Common Future* (commonly referred to as the Brundtland Report), envisions the achievement of a symbiotic relationship between the environment and the economy.

Sustainable development is defined as;

"development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

The concept of sustainability can be applied to a multitude of activities and industries and involves planning, developing, and managing with an environmentally appropriate approach.

Sustainable tourism is tourism that is compatible with the physical, natural, cultural, and social environment. It recognizes the need for approaching tourism from a holistic environmental viewpoint in order to sustain the many features important to the global community – our natural environment, cultural and social fabric, and economic functioning.

Sustainable tourism is environmentally responsible and implies a balance among tourism sectors and activities. It strives to ensure that the development and operation of tourism facilities and services do not undermine the resources upon which they are fundamentally reliant. Indeed, a healthy environment is necessary to support a healthy tourism industry.

For the adventure travel sector, the concept of sustainability is perhaps even more important than for other, more conventional forms of tourism because adventure travel is inextricably dependent upon a healthy, rich, and diverse environment, one which is not negatively impacted by resource use or human development. Factors such as overcrowding, pollution, and loss of important wildlife habitats and biodiversity can have disastrous effects on the environment and ultimately on the long-term success of your business. If we allow too many boat tour operators to seek out and follow whales, for example, we may cause these mammals to be depleted – or worse eradicated – which would leave us with no adventure tourism whale watching product.

Adventure tourism is also fundamentally reliant on the availability of pristine, often remote and sensitive environments where there are inherent limits to use. In these areas, nature's wonders are particularly vulnerable to human impact. Well planned, developed, and managed adventure tourism operations can provide for the mutual existence of both tourism and conservation by simultaneously utilizing and protecting sensitive environments and creating economic prosperity for businesses and communities. Adventure tourism can also provide a more sustainable method of using natural resources than other, more intensive resource-based industries.

In this context, it is vital for you, as an adventure tourism operator, to have a keen understanding of the principles of sustainable development and how important your role is in providing an experience which is environmentally and culturally responsible. Having an environmental ethic will help you create a quality adventure experience and will also attract clients. Remember – green sells!

Principles of Sustainable Tourism Development

Let's look more closely at the key principles of sustainable tourism:

1. Environmentally sustainable tourism strives to ensure that tourism opportunities based on our natural, cultural, and heritage resources will continue to be available for future generations.
2. Tourism development and conservation can both exist and be complementary uses of our resources if planned, developed, and managed with an environmental ethic and sustainable approach.
3. Revenues from environmentally responsible tourism can be used to encourage conservation, protection, and the appropriate use of resources. For example, park entrance and user fees help cover the cost of managing protected areas and ensure these areas continue to be conserved in the future.
4. The tourism appeal of a destination or experience is not only impacted by the quality of the tourism experience itself, but by the existence of competing resource uses such as forestry, mining, and industrial development in the area. For example, a hiking trail overlooking vast areas of forest clear-cutting would have more limited tourism appeal than one through a pristine wilderness area.
5. All ecosystems have limits, and the fragility of ecosystems and their ability to withstand the stresses of human use must be considered in determining appropriate tourism use. Ecosystems which are stressed beyond these limits first deteriorate and then collapse, often suffering irreversible damage.

6. Important resources which have been degraded or threatened in some way should be protected and rehabilitated to re-establish their integrity and to support tourism.
7. Cultural and heritage resources are as important as those of the natural and physical environment, and must also be preserved and celebrated for present and future generations.
8. Infrastructure development in support of tourism, including accommodation and transportation networks, needs to consider environmental and cultural impact and respect for sensitive environments.

Sustainable Development Approaches for the Adventure Tourism Operator

As an adventure tourism operator, how do you go about developing an adventure tourism experience that is environmentally and culturally responsible? Here are some general approaches to consider;

- As an owner and operator, you should have a caretaker philosophy of the environment and adopt an “environmental culture” – an attitude that espouses an environmental ethic and a high respect for the environment. This philosophy should also be reflected in the attitudes and actions of your guides and staff, and in every element of your operations.
- You should also have a thorough understanding of environmental principles, including such things as appropriate resource use, biological diversity, renewability, the issue of scale and “carrying capacity,” environmental monitoring, and cumulative impacts.
- Develop a thorough understanding of the ecosystem characteristics and processes in your trip destination areas and be aware of what types and levels of environmental impacts can adversely affect them, e.g., erosion, trampling, noise, pollution, crowding.
- Develop and operate adventure tourism experiences which respect the environment and have a minimum impact in order to preserve ecosystems and prevent irreversible damage. Strive to use the environment in a renewable fashion; leave no sign of your presence.
- Learn about and respect the cultures of your destination. Research these cultures, their traditions and customs, and their inter-relationship with the environment. This knowledge will help you foster an awareness and appreciation of other cultures among your clients and will enrich the quality of your interpretive experience as well.
- Identify relevant scientific or environmental research regarding your trip destination areas and strive to incorporate this in your programming or interpretation.

We will now address environmental management practices, including how to select an appropriate location and experience for your trips, in more detail.

4.5 Managing Environmental Impacts

Adventure tourism brings visitors to the outdoors and by just doing so results in some impact on the environment. However, there are many ways in which you can minimize, prevent, and mitigate environmental impacts in your business:

- Use natural resources appropriately. Travel in areas capable of withstanding human movement and impact.
- Minimize impacts on wildlife. Limit the amount of time you are near wildlife, stay a safe distance from them, and be cautious of noise and other disturbances. Avoid disturbing wildlife during crucial times of the year (e.g., breeding), and take appropriate measures to ensure important feeding, foraging, and breeding areas are not intruded upon. If you are travelling with food supplies, proper food storage is also important.
- Respect vegetation. Don't walk on sand dunes or sensitive marram grasses, or camp in fragile areas, or pick wildflowers (in some harsh environments, flora can take years to rejuvenate).
- Refrain from accessing sites in particularly sensitive environments. Some very sensitive environments are not capable of withstanding any human impact and should be excluded from your adventure tourism operations.
- Manage the timing of your experience. Don't plan trips when environmental conditions are too sensitive, e.g., when soil conditions cannot support trampling, or when rivers are too low. Also, consider the times other operators or individuals may be utilizing these sites/resources.
- Utilize minimum impact codes and practice no-trace or low-impact travel. For example:
 - Pack-it-in/pack-it-out (remove all refuse and supplies/equipment brought in);
 - Remove, burn, or bury human waste well away from watercourses;
 - Discourage bathing in water bodies (only use biodegradable soap if bathing is necessary);
 - Only use campfires in appropriate areas and utilize camp stoves for cooking when dead firewood is unavailable;
 - Keep on trails;
 - Cover up/remove all signs of your presence before leaving ("take nothing but photographs; leave nothing but footprints").

These practices are particularly important for overnight and multi-day trips.

- Camp only in high tolerance areas or areas designated for camping, taking into consideration the effect of trampling, tenting, etc.
- Manage crowding in terms of both the impact on the resource and the quality of the visitor experience.
- Limit use of sites that are showing environmental degradation such as trail widening, erosion, or excessive vegetation trampling, or alternate between several different sites.
- Strengthen the resource's ability to withstand human impact, if appropriate, being careful not to undermine the integrity of the resource. Methods can include building trails, boardwalks, latrines, and designated camping sites in heavily used areas, providing refuse containers, developing scenic lookouts, etc.
- Work to ameliorate degraded or impacted areas through repair, re-vegetation, etc.

- Educate your clients on the value of the environment and the importance of adhering to environmentally responsible practices, and manage the interaction between visitors and the environment. Make visitors aware of the necessity to keep on trails, not to remove souvenirs such as dive site artifacts, etc.
- Reuse, recycle, and reduce waste. Avoid using disposables (such as plastic plates, cups, paper napkins); recycle tins, plastics, cardboard, etc.; use materials/supplies you can reuse, e.g., cloth napkins/table cloths, plastic food containers; and compost where possible.
- Use resources efficiently (i.e., water, energy, supplies) in all aspects of your operation.
- Pick up and remove litter or refuse you find along your trips.
- Keep group sizes small to avoid damaging the environment and diminishing the quality of the experience.
- Establish and manage carrying capacity thresholds which consider the finite ability of resources to withstand and recover from environmental stresses. (The subject of carrying capacity is a very important one and is the subject of further discussion below.)
- Monitor the environment to gauge environmental impacts and ensure carrying capacities and other environmental management practices are appropriate, making modifications where necessary. For example, if you find that your activities or those of others are negatively impacting the resource, decrease the size of your groups or rotate sites.
- Support other tourism businesses which also have an environmental ethic (e.g., environmentally responsible accommodations).

Understanding Carrying Capacity

A carrying capacity is essentially the maximum level of human impact beyond which environmental degradation is likely to occur. Carrying capacities will differ by environment; some areas will be more tolerant to use than others and will thus have a higher carrying capacity.

If you allow the carrying capacity of your destination areas to be exceeded, you and your clients will notice a degraded environment and this will threaten both the longevity of the resource and the success of your business as an adventure tourism operator.

At the same time, however, you have to pay attention to the realities of operating your business and attempting to make a profit. It may be that you cannot afford to limit the number of people you will take on a tour; in this case, you may be better off to seek out another location

The Four Types of Carrying Capacities You Must Consider

1. The *facility* capacity (the physical capacity of the lodge, boat, van, etc.)
2. The *environmental* capacity (at what point further impact would diminish the quality or integrity of the environment)
3. The *social* capacity (the point at which visitor enjoyment diminishes)
4. The *cultural* capacity (the point at which local cultures become negatively affected)

that does not have such a sensitive environment (and a low carrying capacity). Or, consider increasing your prices and featuring your concern about carrying capacity and the limitations of a sensitive environment as a key USP for your business.

Generally, the lowest value of the four types of carrying capacities should be used as your threshold to help you determine your maximum size of groups, frequency of visits, numbers of tours, etc. Remember too, to take into consideration the cumulative effects of other adventure tourism operators accessing the same sites; this may impact the size and frequency of your trips to a given area.

Selecting An Appropriate Location and Experience Based on Environmental Factors

Limiting and managing environmental impacts while at the same time developing a profitable business has a lot to do with selecting an appropriate location and experience for your adventure tourism trips. How do you do this?

Consider the techniques we addressed above and choose trip locations that are:

- Suitable for the activity (e.g., good terrain for hiking, adequate river volume for canoeing);
- Appealing for their intrinsic or scenic values (e.g., natural phenomena, wildlife, flora, geology, geography, biodiversity, scenic landscape);
- Able to withstand the pressures of human impact associated with the activity (that is, have a reasonable carrying capacity);
- Not unduly sensitive or fragile;
- Able to handle the number of people on a tour, at a price that is acceptable to the market, to enable you to make a profit.

4.6 Industry Role and Codes of Ethics/Practice

Codes of ethics and practice are expressions of environmental responsibility and management. They set out environmental philosophies and ethical standards which adventure tourism operators agree to abide by. They are a form of self-regulation and foster a cooperative, industry-led approach to sustainable adventure tourism.

In Nova Scotia, the adventure tourism sector has grown significantly in recent years and the emergence of more operators has encouraged the formation of Codes of Ethics by the Nova Scotia Adventure Tourism Association.

Agreeing to a code of ethics or practice has been found by adventure tourism operators in many jurisdictions to not only be in the best interests of the environment, but also to be a good business decision. Codes can be a measure of quality assurance and assist operators in marketing to today's well-travelled, environmentally conscious travel market.

Many adventure tourism activities have codes of ethics and practice promoted by their respective professional associations. Some regional associations have also developed and adopted codes, such as the Bay of Fundy Whale Watching Code of Ethics.

The Bay of Fundy's whale watching code of ethics is a good example of how industry codes of ethics can encourage appropriate behaviour. Whale watching operators in both New Brunswick and Nova Scotia have adopted a code of ethics to outline how their industry will be governed. The codes include such things as appropriate visitor expectations, whale conservation, minimum respectable distances between vessels and whales, maximum viewing time, viewing priority among vessels, avoidance of crowding, and other guidelines for appropriate vessel manoeuvring in marine habitat. A Citizen's Guide to Whale Watching has also been developed, which strives to inform the public of the importance of not disturbing the whales and helps to educate them on the sensitivity and importance of conserving whales and the marine ecosystem. This is essentially a code of ethics for consumers.

There are also many national and international organizations dedicated to conservation and sustainable tourism development that can help tourism businesses develop and improve their environmental practices. Some of these organizations may be helpful to your business such as the Tourism Industry Association of Canada's Code of Ethics and Guidelines for Sustainable Tourism (revised in 2005; found on line at www.tiac-aipc.ca), the National Audubon Society's Travel Ethic for Environmentally Responsible Travel, the Pacific Asia Travel Association Code for Sustainable Tourism, and the Green Globe program. (Appendix II provides sample codes of ethics for sustainable tourism)

The Green Globe Program is an international environmental management and awareness program which addresses sustainable development issues in the global travel and tourism industry. "It is a world wide benchmarking and certification program which facilitates sustainable travel and tourism for consumers, companies and governments" described on line at www.greenglobe21.com/.

The program involves energy conservation, environmental planning, responsible development, waste reduction measures, recycling, and respecting special areas and customs. Membership with the Green Globe program requires accreditation and a commitment to improve environmental practices and the adoption of Green Globe guidelines or an industry equivalent.

There are also a variety of sustainable tourism initiatives supported by the Tourism Industry Association of Nova Scotia (TIANS). For example, TIANS has published "A Question of Balance - A Sustainable Tourism Self-Audit Workbook". The workbook is designed to help tourism operators adhere to best environmental practices and improve the sustainability of their operations. Contact the TIANS Human Resource Council for a copy of the workbook.

TIANS website (www.tians.org) also provides links to the Environmental Choice Program, which is an eco-labelling program. This environmental certification program recognizes environmentally friendly products and services. The program creates a market incentive for products which qualify for certification by allowing them to display Environment Canada's official mark of certification in their marketing, the EcoLogo.

As an adventure tourism operator, you should also look into the programs offered at GMIST - the Gros Morne Institute for Sustainable Tourism which is supported by various government tourism groups as well as tourism industry associations. GMIST offers a range of training programs designed to enhance the quality and sustainability of outdoor/nature based experiences offered throughout Atlantic Canada. Check out their website at www.gmist.ca for details on current offerings.

SECTION 5

Preparing a Business Concept and Strategic Plan

SECTION 5

PREPARING A BUSINESS CONCEPT AND STRATEGIC PLAN

5.1 Opportunity Search and Assessment

What type of adventure tourism business should you establish? Where should it be located? Is there likely to be an adequate market for it?

You need to first build a "model" of your business concept on paper, defining its main features and services, its possible locations, its USPs (Unique Selling Propositions) and competitive advantages. You have to draw on your entrepreneurial skill, as well as your outdoor adventure knowledge and skills, to craft a concept which has a high likelihood of working.

If you've been in the adventure tourism business before, you have an advantage since your experience will have taught you valuable lessons. If not, you have to work much harder to find the information you need to make good decisions.

Many adventure tourism operators begin working in the field because of a primary interest in the outdoors and a love for a particular adventure activity. Their businesses often evolve as a sort of "lifestyle" operation, based on several years of recreational and sometimes commercial experience. Still others have educational qualifications in their area of specialty. For example, a whale watching operator may be a trained biologist, or a bird watching operator a trained ornithologist. However, a professional education is by no means a necessity; what is important is the knowledge, experience and ability to deliver a quality experience.

The challenge is to offer a product or products which are being sought by customers. Having a personal interest in the activity is not enough on its own. You need to know, or learn, how to deliver the experience to your customers in an interesting way, and this may involve offering interpretive programs as well as the adventure experience itself.

Thus, the starting point has to be with the target customer's needs and wants. What are your target markets looking for in an adventure tourism experience? What types of adventure experiences are they buying in other destinations and elsewhere in Nova Scotia? Is your type of adventure experience presently offered? If so, how many operators are there and where are they located?

We suggest that what you need to do first is develop a winning concept for your business by looking into what has worked well elsewhere and getting good market information on its potential in your area. Research other successful operators in Nova Scotia as well as successful operators in other leading adventure tourism destinations. Visit their websites and study them for ideas on features of quality programs and packages. If you can, visit some of them; talk to the

owners; find out what makes them successful. What are their unique selling propositions? What are the major challenges they face and how do they deal with them? What are their markets? How do they market? How are their markets changing? What product features appeal to what types of markets? What are the major do's and don'ts of the business? Tell them what you have in mind and ask for their constructive criticism.

As long as these businesses are not going to be competing directly with you in your Nova Scotia market, they are likely to be cooperative. Call them before you visit and get them to agree to talk to you.

(While you're talking to them, ask them to tell you how many customers they get each year and what percentage are local and regional residents as opposed to tourists from away. This information will be very useful later in preparing your feasibility study and sales projections).

Early on, you need to address the question of whether you are going to offer a multi-day destination adventure experience, or a part-day experience that draws its business primarily from visitors already in the area, or, potentially, a combination of the two. Your decision in this respect has an impact on your location, and the balance you need to strike between being close and accessible to markets, and offering a superior and outstanding adventure experience. More on this later.

What unique adventure experiences can you offer your customers at the locations you are considering? What are the local resource strengths, features, and interpretive opportunities? Are these features and attributes of interest? If having a base site is important to the type of adventure tourism business you are considering, what sites are available for the base? Are there sites available that have advantages over those used by the competition?

What about suitable tour locations – are there enough suitable areas from which to build a range of adventure tourism products? For example, a hiking tour operator may require a range of routes in different regions of the province, featuring differing topography, scenery, wildlife, and, of course, different levels of hiking intensity. A bird watching operator may vary the routes depending upon the season and the numbers of birds sighted in each region.

You will be able to strengthen your product and your future marketing by "piggybacking" on other, established attractions in and around the community, by including them in your adventure tour perhaps, or by working with them in packaging and in marketing. For example, a whale watching operator may package with another attraction and accommodations operator in the local area. A sea kayaking operator may include a gourmet meal at a local country inn in his package. Such opportunities should be identified early in your planning.

If you are looking at an adventure tourism business that will draw mainly from markets already in an area, consider whether there is enough business in the area to support both the competition and your operation. (A good indicator is the level of business being experienced by competing operators in the area.)

What are competitors doing right and wrong? Are they providing a quality adventure tourism experience? Are they providing informative yet interesting interpretation? How skilled are the guides? How can you develop competitive advantages over them? How busy are they in each season? Do they seem to be making money? (Good signals include: Are they keeping their

equipment up to scratch? Do they have the money to advertise? What quality are their marketing materials?)

If your business is likely to draw business from regional resident markets or from tourists already in the area, collect some information on the markets available in the community. What is the local resident population? How many tourists come each year? Talk to the tourism organizations in the locations you are considering about how they see the opportunity and whether they think there is room for a new adventure operator in the market. What do they think about your ideas? People to talk to locally include:

- The manager of the local visitor information centre (What are the unfulfilled requests? What complaints do they get about adventure tourism opportunities in the region?);
- The local/regional tourism association (Do they think that visitors would be interested in the experience you can offer? Is tourism activity growing or declining? What type of growth is it?);
- Hotel marketing staff (What are their customers looking for in terms of adventures and activities? Will they partner with you in marketing your adventure experience?).

If you are considering a "destination" adventure tourism business that will offer products that are the main (or a major) reason that people come to the province, you will need to go quite a bit further afield in your research. Take a look at other successful adventure travel destinations and what types of adventure experiences are provided at these destinations. Consider both the type of experience, the unique features of the experiences provided, the market positioning, e.g. low priced, budget product vs high priced, luxury experiences. Compare this to the opportunities already available in Nova Scotia and identify where there might be some "gaps" that could be filled. Look at magazines and other published material to identify growing and declining adventure tourism products.

Also talk to the Tourism Division (Marketing and Product Development) at the Nova Scotia Department of Tourism, Culture and Heritage. They can give you market information, suggest contacts, etc. Ask them what they think of your idea and whether the market could likely support a new operator. Do the same with economic development officials at the community level and at your Regional Development Authority.

Ask them to lend you any market studies they might have available containing relevant information for planning an adventure tourism tour business such as data on visitation to different regions, market trends and expectations, tourism product trends, participation in adventure tourism activities and the like.

Also, talk to the tour operators active in adventure tourism in Nova Scotia and receptive operators in Atlantic Canada. Are their customers looking for new products of the kind you are planning? Would they sell your product? How satisfied are they with the products presently available? How much business might they provide?

All of the foregoing should give you the insights you need to piece together a pretty compelling business proposition.

5.2 Identifying Target Market Segments

Particularly important is the identification of key target markets for your business, since you want to make sure you develop your adventure tourism experiences in a fashion that will have a strong appeal to each market. You will also need target market information later for developing your marketing plan.

You may, in fact, want to offer several different products to markets which are significantly different. The informal research you have conducted so far should be very helpful in this regard, but you will also have to be open to making refinements later in the planning process.

The target markets offering the greatest potential for the business should be identified on the following basis:

- For which markets will your USPs and competitive advantages have the greatest appeal?
- How substantial are these markets? Are they large enough to justify developing adventure experiences for them and to target them in your marketing planning?
- Do these markets offer potential in the shoulder seasons (i.e. the months on either side of the peak tourist season)?
- Is there already substantial competition for this kind of product in the province or is there more market potential?

For each market segment that rates well on these points, you need to have a good idea of the following:

- Will they pay a decent price for the adventure experience? Will they travel to Nova Scotia for it?
- Can you afford to promote to that market? Are there cost-effective measures you can use to reach the market?
- Are there tour operators available who might be willing to sell your products? If so, how much do you have to give away in commissions and discounts, and can you justify these because of volume potential and savings in consumer marketing costs?
- How stable is the market likely to be, year after year?
- Which markets are growing? Which are declining?

These are considerations you need to make in selecting the mix of target markets for your business. To answer the questions, you will probably need to do a little research into market and product trends. Some of the types of market information you will need to research include:

- Who are adventure travellers (demographics, psychographics)?
- What activities are adventure travellers participating in?

- Where are adventure travellers coming from (their geographic origin)?
- Where are adventure tourists travelling to?
- How are they getting to the destination (e.g., air, auto), and what routes are they travelling?
- How long are adventure travellers staying in the destination?
- How much are they spending, and on what different elements of their trip?
- How are they booking their adventure trips?

We will look at how to go about conducting market research in Section 6.

5.3 Developing A Business Concept/Product Mix

The aforementioned activities should enable you to develop a concept for the business. One of the first things you need to decide is whether your adventure tourism business is going to offer "destination" products, that is multi-day experiences and packages that are positioned as the main purpose or a major purpose, of the trip to Nova Scotia or to a region of the province. On the other hand, you may decide to focus on offering activities that are incidental to the main trip purpose, i.e. mostly half- to one-day experiences (although they may be up to 2 to 3 days in length) that cater primarily to visitors already in your community or region. Or, your business concept may be to offer both types of trips, or to start with the half-day activities and move towards offering multi-day, destination experiences over a two to three year period.

The approach you take in this respect will have a major impact on a number of factors, including:

- The major markets to be targeted;
- Potential adventure product itineraries and tour features;
- Your location, possible sites for adventure products and the base of operation;
- Your proposed unique selling proposition (USPs) and competitive advantages for each key target market;
- Pricing;
- Probable seasons of operation;
- The types of opportunities for packaging and partnering in marketing;
- The type of equipment and facilities you will require.

Exhibit 1 characterizes some of the differences between the two types of products, from both a product development and marketing strategy perspective.

There are some other consideration that deserve careful thought at this stage in your planning. One of these is to establish a marketing strategy, consisting of a list of the priority markets you will be targeting, the products and USPs to be promoted to each one, and the techniques you are going to employ in pursuing each of them.

EXHIBIT 1
COMPARISON OF PRODUCT AND MARKET CHARACTERISTICS OF A ONE-DAY
AND A MULTI-DAY ADVENTURE TRAVEL PRODUCT

Characteristics	Multi-Day Adventure Product	½ day to 1 day Adventure Product
PRODUCT CHARACTERISTICS		
Potential Itineraries and Tour Features	• Will require some type of overnight accommodation • Some or all meals will probably have to be included in the package • May well involve more than one adventure activity • Should include some evening activities • May require transportation to/from airport, hotel, etc. at beginning/end of tour, and also transportation during tour • Will require a tour guide or host, unless it is a self-guided product	• Most likely one adventure activity only • Unlikely to involve other services such as meals, transportation, entertainment • May not require a guide – could be rental of equipment only or providing information for self-guided tour
Location - Adventure Sites and Base	• Quality of the site/location for the adventure experience is of paramount importance • Access is less important since clients have planned in advance to take the trip; however, should still be reasonably accessible	• Location close to, and easily accessible to, markets is essential • Need a "storefront" location to attract pass-by traffic • Quality of experience/ adventure must still be high
Potential USPs and Competitive Advantages	• High quality adventure experience including several "unique" features • High guide:customer ratio • Evening storytelling and music • Strong interpretive program	• Convenient access from key centres • Value compared to other alternatives
Season of Operation	• Could be any time of the year depending on the product	• Spring/Fall/Summer
Opportunities for Packaging and Partnerships	• May well require packaging with other operators for accommodations, possibly transportation, evening entertainment, etc.	• Reduced need for packaging with other operators

EXHIBIT 1
COMPARISON OF PRODUCT AND MARKET CHARACTERISTICS OF A ONE-DAY
AND A MULTI-DAY ADVENTURE TRAVEL PRODUCT

Characteristics	Multi-Day Adventure Product	½ day to 1 day Adventure Product
Equipment needs	- Depending on nature of activity, may require equipment such as canoes/kayaks/bikes, clothing and safety equipment for customers, tents, food, cooking supplies, etc. - a wide variety of equipment which will have to be transported - Provision should be made for some or all participants to bring their own equipment	- Limited to the activity equipment such as canoes/kayaks/bikes, etc. and safety equipment for customers - May require minimal food for lunch - All equipment must be provided
MARKET AND MARKETING CHARACTERISTICS		
Key Target Markets	- Markets with a special, strong interest in the activity, prepared to travel to a destination to experience it - Local/regional resident markets with a strong interest in the activity	- Visitors already in the local area - Local/regional resident markets
Primary Distribution Networks	- Direct to the consumer - Through specialty tour operators	- Direct to the consumer - Cross-promotion with other local businesses
Key Marketing Activities	- Internet/Web Site - Nova Scotia Complete Guide for Doers and Dreamers and provincial website - Advertising in specialty publications - Marketing through the Travel Trade	- Nova Scotia Complete Guide for Doers and Dreamers and provincial website - Regional/local travel publications - Brochures in VICs, local businesses - Cross promotions locally

Separate strategies will be required for each of the key markets, divided into:

- Direct to consumer marketing;
- Marketing to the travel trade, i.e. tour operators and receptive operators;
- Packaging;
- Marketing partnerships.

We will deal with this topic further in Section 10.

5.4 Developing a Strategic Plan for the Business

You should document the previously mentioned planning activities in a written summary. By matching the products and packages with the markets you are targeting, you will have the basis for your business plan. Further adding a timetable to the product-market mix will give you a framework for identifying the various things you will have to do to develop the products and take them to market.

An example might be a multi-product, multi-staged strategic plan such as the following:

- Year 1 - Introduce a half-day guided cycle tour from Lunenburg to Blue Rocks, with a lunch included and a 1 day tour that includes cycling and sea kayaking. Market the product to visitors already in the South Shore area, through accommodations, local visitor information centres, the Nova Scotia Travel Guide and South Shore Travel Guide.
- Year 2 - Expand the product to include a two-day tour, with accommodations in inns/B&Bs, also marketed primarily to existing markets. Start to develop a multi-day program and build relationships with the travel trade in planning the marketing of this program.
- Year 3 - Deliver two to three destination products, 5 – 7 day cycling and kayaking trips, with one product including a hiking component. Market this product through the travel trade as well as direct to consumers through your own website and special interest publications.

SECTION 6

Feasibility Analysis



SECTION 6

FEASIBILITY ANALYSIS

A feasibility analysis is essentially determining whether your business concept will work. Can you get the volume of business you are going to need? Will revenues be sufficient to cover operating costs? Can you get the financing you need to start up? Will the business make a profit – enough, eventually, to pay you a living wage, cover any borrowing costs, and pay you a return on your equity investment?

The degree of effort you should expend on the feasibility analysis depends, to some extent, on your business concept since it has a lot to do with minimizing the level of risk inherent in establishing any type of business. The higher the level of risk, the more attention you need to pay to carefully assessing the market and economic potential and minimizing the level of risk involved. If the risk is relatively low, as is sometimes the case with adventure tourism businesses because of the low initial investment and the flexibility to adapt the business concept, you probably don't need to place as much emphasis on the feasibility analysis. You should recognize, however, that while not all of the steps discussed in this section of the report are essential for a small business, each one of them could be helpful in reducing risk, in saving later problems and in planning for future growth.

A proper feasibility assessment will help answer the above questions and give you the information you need to attract investors and lenders, should you need to do this. You can do much or all of it yourself, following the process described in the manual.

If your project is a larger, more complex one, or if your banker or other sources of financing request it, you may have to have a professional feasibility study undertaken. There are ways of keeping the costs of a professional feasibility study reasonable, and you may be able to get some financial help for the study from prospective investors or a government agency. If you've done the homework described earlier in preparing your business concept and strategic plan, the feasibility study can be done a lot more quickly and economically.

A proper feasibility study, assuming a basic business concept and strategic plan has been developed, consists of the following steps:

- Estimates of capital costs and facility and equipment needs;
- Market research and analysis including researching the competition, and comparable destinations and businesses;
- Projections of sales, revenues, operating costs, debt service, and profits;
- Return-on-investment and break-even analysis.

Once you have completed these steps, you are in a position to make the final decision to proceed and prepare your business plan.

6.1 Identifying Facility and Equipment Requirements and Developing a Capital Budget

A key step in preparing a feasibility assessment is the development of an estimate of the capital investment required to establish the business. This can give you an idea of what kind of financing you will need, if any.

You don't need a detailed capital cost schedule or financing plan at this point. You are trying to assess the feasibility of establishing the proposed adventure business, not actually planning the business. What you need is an estimate of the realm of magnitude of your capital costs and financing needs. For an adventure travel business, the level of capital investment may be quite minimal and you might be well advised to consider renting or leasing some of your equipment in the short term.

Exhibit 2 provides a template or worksheet you may find useful.

There are various sources of information you can use in developing this initial capital budget. Suggestions are presented below:

- **Equipment and supplies.** Any necessary equipment required by the activity that you will need for yourself and clients such as bicycles, canoes, paddles, kayaks, life jackets, scuba diving equipment, camping equipment, as well as transportation equipment such as vans, trailers, boats, etc., can be costed by contacting potential suppliers and getting price lists, or quotations where customized equipment is required. If you're considering buying used equipment, local dealers and brokers will be helpful and you can keep an eye on the used equipment ads in trade publications. Be careful to assess the likely costs of converting used equipment or upgrading it for your needs or to meet safety requirements and regulations. You may also want to consider leasing equipment, or even renting items such as vans or trailers, particularly if you are concerned about the level of business that might be available.
- **Land, buildings, and services.** If you need a ticket office, administrative office or other buildings, you can look into leasing, buying a used building, or building new. However you may be able to operate without a significant investment in buildings and services, possibly establishing your base of operations in your home.

If you do need to develop these things, real estate brokers can help you by seeking out potential sites and advising on the costs of purchasing or leasing. With new construction, you'll need some other help to determine the costs of building construction, services, site improvements, etc. Help here can perhaps be obtained from an architect or a builder, particularly if you are a prospective client. An engineer may be required to advise on servicing and mechanical costs. A landscape architect can advise on site finishing costs including such things as parking areas, lighting, signage, etc.

- **Soft costs.** Soft costs are operating-type costs required to start the business that are capitalized, since they occur prior to the opening of the businesses. They include such things as operating costs incurred prior to opening – salaries, office operation, initial marketing, web site development, etc. They also include one-time costs such as initial training costs, design costs, consultants' fees, etc. You should try to do a work-up of estimates for each relevant item. Where this is not possible, provide for an allowance to cover the item.

EXHIBIT 2

CAPITAL REQUIREMENTS WORKSHEET (\$)

CAPITAL ASSETS:

Equipment:

Vehicles (vans, boats, etc.)

\$

Activity equipment (bicycles, canoes, etc.)

Other Equipment (trailers, camping supplies)

Land, Buildings, Parking, etc. (if required)

Signage

Furnishings

Office Equipment (computer, printer, fax machine)

Subtotal C

PRE-OPENING SOFT COSTS:

(Costs prior to revenue being earned)

Salaries

Staff Training Wages and Costs

Pre-Opening Marketing, Website, Public Relations

Interest During Construction and Design

Professional Fees

Incorporation, Registration and Licensing Costs

Other

Subtotal D

WORKING CAPITAL:

Inventory

Prepaid Expenses

Other Current Assets

Cash Reserve

Subtotal A

Bank Loan

Subtotal B

Net Working Capital Required (A minus B) E

TOTAL CAPITAL ASSET REQUIREMENTS (Subtotal C)

TOTAL SOFT COSTS (Subtotal D)

WORKING CAPITAL REQUIREMENTS (Subtotal E)

CONTINGENCY

TOTAL FINANCING REQUIRED

- **Contingency.** A contingency allowance should be planned for unexpected cost increases, overlooked items, unanticipated additional costs, etc. The allowance should be between 5% and 20% or more, depending on your experience in the business, how refined your costing has been, and how confident you are in the numbers.
- **Working capital.** Your financing will have to cover not only capital costs and soft costs, but also enough working capital to sustain the operation of the business. Working capital is defined by accountants as the difference between current assets (e.g., cash in the bank, receivables, inventory of resale items and supplies) and current liabilities (e.g., accounts payable, other amounts becoming payable in the current year). In other words, it's the cash available to run the business and deal with short term contingencies.

When you start the business, your working capital will be in the form of cash. There is no fixed formula for how much working capital is appropriate, but for a business such as an adventure travel business, it would probably be a good idea to have sufficient cash to cover your operations for several months, and your marketing costs for a longer period.

The total of the above calculations represents the amount of financing you are going to require to start the business. You will now need to prepare a plan of how the financing is to be structured, if you are going to need financing, since the feasibility assessment requires a determination of interest and principal payments on borrowing and the amount of equity to be invested. We will deal with financing later in this section and in Appendix III.

In an adventure tourism business, you may well find that the amount of financing required for your equipment and supplies, etc. is minimal. However, you cannot forget the funds required for marketing, and for sustaining the business during its early years when you are in a market development mode.

6.2 Market Analysis

Your previous work in developing the concept for the business involved identifying the best target markets for the adventure products you are going to offer. The challenge now is to assess how much demand you might attract from each of these markets. For most tourism businesses, particularly adventure tourism businesses, estimating likely demand is by no means a scientific process. It involves compiling a range of types of information that might be useful, developing some estimates of demand and then determining how realistic these demand estimates might be.

A number of steps are suggested, as follows:

- Research and analysis of target markets;
- Research into market trends;
- Assessment of the competitive situation;
- Assessment of comparable destinations;
- Interviews with potential partners;
- Assessment of your USPs and quality of experience;
- Developing estimates of potential demand.

Each of these tasks is addressed below.

Research and Analysis of Target Markets

The first step in this process is to look at the markets available and generally how large they are. You have already identified your target markets in developing your business concept and strategy. Now, for each market, you want to determine the approximate size of the market interested in the particular type of adventure travel experience you are planning to offer. Your markets might include visitors already coming to Nova Scotia and the local/regional resident market, as well as residents of key geographic origin markets with a strong interest in the type of adventure experiences you are planning to offer.

For data on tourist markets, sources include Nova Scotia's provincial visitor-exit surveys, Visitor Traffic Flows and Tourism Insights which can all be accessed through the Tourism Division's website (www.gov.ns.ca/dtc) or the Nova Scotia Tourism Partnership Council website (www.nstpc.com).

The Visitor Traffic Flow data will be particularly useful since it provides an estimate of the volume of non-resident tourists visiting specific communities in the province. If your community is not included in this data, you will have to talk to local organizations who may have done some local tourism research in the recent past. As well, studies completed by the Department contain information on the proportion of visitors that participate in different activities. You can use this data to estimate how many visitors are interested in sea kayaking, or hiking, for example.

More detailed information on the local market area may be available from your local/regional tourism association, which may have done some visitor surveys. As mentioned in Section 5, you can also talk to the local visitor information centre, Regional Development Authority, etc. to seek out available information.

Data on resident populations is available through the census data published by Statistics Canada. You can get breakdowns for municipalities, census regions, provinces, etc. You can download this information directly from Statistics Canada's website (www.statcan.ca) by following the links to Community Profiles. Statistics Canada can provide you with a variety of other useful information including Small Business Profiles which provide business financial statistics and can be used when developing your projections of operating expenses, and information on family expenditures in Canada.

Research into Market Trends

It will be important that you look at trends in the adventure travel market, and in travel generally. What types of activities are experiencing growing interest? Which ones are declining? What are the growth markets of the next decade and what types of interests are they likely to have? A variety of sources of information can provide you with this type of information.

A valuable resource is the Canadian Tourism Commission's (CTC) business website (www.canadatourism.com). You can subscribe to this site for free and get regular email news as well as access to a wide range of reports, statistics and publications prepared by the CTC. You can also read 'Tourism Online' which features articles about different aspects of Canada's tourism industry.

There are also a range of studies available regarding adventure travel specifically. Check with the Tourism Division of the Nova Scotia Department of Tourism, Culture and Heritage as well on the

CTC's website under Publications or Industry Resources. Adventure related organizations that may also be of use to you include the International Ecotourism Society (www.ecotourism.org) and the Adventure Travel Trade Association (www.adventuretravel.biz).

It might also be useful to seek out back copies of adventure tourism magazines (these can often be found on-line) for articles on consumers, products, trends and the like.

If you've had the opportunity to visit with other adventure operators, they can tell you a lot about the market, what is happening and what consumers are looking for, and perhaps lead you to other sources of market information as well.

Assessment of the Competitive Situation

You should try to get a good handle on the competitive situation, particularly in your region if you are planning a part-day experience catering primarily to markets already in the area, but also in the province in general. You can identify the competition by searching on the Internet for adventure travel operations in the province, from published material such as the Nova Scotia Complete Guide for Doers and Dreamers or the provincial tourism website (www.novascotia.com) and by picking up brochures at Visitor Information Centres. You should try out the competition and talk about them with others in the local tourism industry. You want to learn about their strengths and weaknesses, and try to get an idea about how much business they might be doing. Things to check out and compare to your own plans include:

- Itinerary and schedule – highlights, low points, frequency of departures;
- Standards of equipment used, design, cleanliness, state of repair;
- Location of base of operation and pick up points – access, visibility, convenience;
- Quality of service – professionalism, product knowledge and experience, interpretation, guiding ability, friendliness, hospitality;
- Prices and value given;
- Relationship with community tourism partners – packaging, co-op promotions;
- Reputation – what do community tourism partners say about guest satisfaction at this operation?
- Years in operation;
- Advertising and promotion – scope of promotional efforts, quality of ads, fit with the demands and expectations of the target markets;
- Customer volumes.

By trying out the product and asking around, you can fit together a pretty good picture of all but the last item (customer volumes). With respect to customer volumes, you might be lucky and have someone who knows the competition quite well tell you what the approximate customer volumes are, and maybe even something about which markets the operation is drawing from. In the more likely event that this doesn't happen, you will probably have to undertake a little detective work. Here are some tricks to piecing together a picture of the competition's business:

- Talk to local receptive tour operators, local tourism organizations, local hotel and attraction operators. Some of them will have information on how the operation is doing.
- If it has a base operation or operates at a fixed location, hang around before their tour starts and see how many participants there are. This way you can develop an estimate of the approximate customer counts at various times, and together with the schedule of departures for the year, you can get a rough estimate of the number of customers.

- Engage in casual conversation with their staff e.g., guides running tours, staff operating ticket booths. Ask them about the operation.

When you've completed your detective work, make up a form which allows you to summarize your findings. Use a simple scoring system to rate the competition against your proposed adventure tourism business.

Exhibit 3 presents a worksheet for assessing the competition, and also for assessing your product and its unique features against those of the competition.

The variables to be considered in your competitive analysis are:

- The amount of competition – other adventure tourism operations as well as other activities/attractions in the area which will compete for the time and spending of customers;
- Your product appeals compared to those of the competition;
- Price – not just how much, but the relationship of price to value given and how this compares to the competition;
- Reputation for quality, service, value;
- Marketing skills and budgets.

Assessment of Comparable Destinations

Another task that can help you to assess your market potential is to explore how other destinations are developing their adventure tourism product. This research will help you identify "gaps" that might exist in the product mix available in Nova Scotia, and identify some opportunities you may not have thought of. It will also help you get an indication as to whether Nova Scotia's product is in the early or mature stage of development and whether there is potential for additional businesses.

However, you have to be careful to pick destinations that are comparable – those that offer experiences of a similar type and quality, and those have relatively the same size of markets available to them.

Visit the websites of other destinations and research their adventure tourism operators. The Internet is a great source of information for this and you will be able to piece together insights into a destination, and its adventure tourism products, in a relatively short period of time. Compare what they are offering with what is available in Nova Scotia. Exhibit 4 presents a worksheet to use in this respect.

EXHIBIT 3
ASSESSMENT OF THE COMPETITION

Competitor's Name, Business Description, Years in Operation	Products, Key Features & Prices	Product Strengths (describe)	Product Weaknesses (describe)	Reputation (Hi, Med, Low)	Quality of Operation (Hi, Med, Low)	Quality of Marketing	Competitive Ranking (HML)
MY PROJECT							

EXHIBIT 4
INFORMATION ON ADVENTURE TOURISM BUSINESSES IN COMPARABLE DESTINATIONS

Business Name, Location and Description	Adventure Products and Key Features	Prices	Comments

Partner Interviews

While an assessment of the competitive situation and of comparable destinations will help refine your understanding of the market, it will be of limited help in assessing the potential business available through tourism partners you are likely to be working with. These include:

- Local receptive tour operators in Nova Scotia and elsewhere in Atlantic Canada (inbound operators);
- Special interest tour operators that might incorporate your adventure product in their tour;
- Local hotels and others selling packages for your destination who might wish to include your product in their package.

We recommend that you interview such companies, since the insights you will gain will help to give you some more comfort in your projections and it will also be helpful in estimating breakdowns in the sources of future business.

Your future partners will be interested in your proposal, since it represents future business opportunities for them. Not only will they be able to give you advice on selling in the local market but they can probably advise you on the potential for your product, on product and service features desired, etc. They may also be able to give you some sense of how much business they might send your way.

6.3 Assessment of Potential Demand

The next question to be addressed is how much demand can you expect to get for the various adventure travel products you are planning to offer.

In the case of adventure tourism businesses, this is very much a judgement call. (If you are considering a sightseeing tour or whale watching tour, you should review the methodology described in *A Guide to Starting and Operating a Local Sightseeing Tour Business in Nova Scotia*.)

Based on everything you have learned in your market research, you need to make some estimates of the demand your business might attract. Consider the following factors:

- The number of tours you are going to offer each day/week/month and what your maximum capacity will be. It is unlikely that you will fill each tour, particularly in the early years, because of the time required to develop a market for adventure tourism products.
- The size of the markets available to you, and your estimates as to how much business the competition is doing;

You then want to develop some estimates as to what share of each market you might attract to participate in your adventure experiences. Develop your estimates of market share based on:

- Your USPs and competitive advantages;

- Your pricing;
- The amount you are planning to invest in marketing.

If you are planning on offering several different adventure experiences (e.g. kayaking and hiking), you may want to repeat this process for each different product, since the market for each will be a different size and you may have different competitive advantages for each experience.

Develop some estimates of demand for a "mature year" (a mature year occurs after a business is established in the marketplace, and is usually between Year 3 and Year 5) and see how reasonable they look compared to the information you have compiled on the competition and on comparable businesses.

Consider what this level of demand is compared to the capacity of the products/experiences you are planning. (Don't forget to discount your capacity calculations to allow for bad weather when you won't be able to operate your tour. This will be a factor particularly for tours that are "impulse" decisions).

You may also want to use these demand projections to take a first cut at estimating your break-even point. This may give you some preliminary insights into whether the business is likely to be reasonably viable. (We will discuss break-even analysis later on in this section.)

6.4 Projecting Sales and Revenues

You are well on your way to building a revenue projection for the business since you have prepared a projection of the likely total number of customers you might expect to get once the business reaches a mature position in the marketplace. You now have to convert this into revenue figures for each year, with breakdowns by product, and make a five year projection. To do this, you will need to do several things:

- Determine the likely breakdown in customer numbers for each of your significantly different products. Your interviews with tourism partners, your comparables research, and market analysis should give you some idea of the relative potential for the different adventure products contemplated.
- You will need to estimate the likely prices for each product. At this stage, you will not have the full information necessary to develop your actual prices, so you have to rely on the prices charged by comparable operations in other markets and on competing operations in your own market in estimating what you might reasonably charge. What you are after now is an estimate suitable for use in preparing a revenue projection to determine the likely feasibility of the operation. The premise is that if you can't make the numbers work at competitive prices, the project isn't likely to be feasible. If the numbers do work on this basis, you will still be facing the challenge of actually covering your operating costs and financing costs at competitive prices, but we'll face that challenge later. (In Section 9, we will deal with the how-to's of actually setting your prices.

Basically, in preparing your projections at this point, you want to look at the practices of comparable operations and your competition in determining estimates for commissions and discounts. Exhibit 10 in Section 10 provides some guidelines in this respect.

Again, this issue will be addressed more fully in Section 9 when you're past the feasibility stage and actually into product pricing. At this point, you can be satisfied with estimates based on the competition and comparables. Later, you will want to make sure that the discounts and commissions can be justified by your cost structure.

- Calculate net customer revenues for each year. This involves the use of a series of worksheets, such as that presented in Exhibit 5, in which the demand for each product is estimated, retail and net prices for each market are calculated, and total revenues for a mature year are derived.
- Estimate how long it's going to take to reach the mature market situation, using percentages of the mature market performance for each year leading up to the mature year. The worksheet in Exhibit 5 allows you to do this for each of your major products, since it is likely that you will reach market maturity at different rates for different products and their markets. For example, a part-day tour depending on visitors already in the area is likely to reach maturity faster than a multi-day destination product.
- Estimate any additional revenues that you might generate from the sale of retail items, for example.

6.5 Projections of Operating Expenses and Operating Profit

Next, you need to prepare projections of four kinds of expenses:

- Cost of sales;
- Direct operating expenses;
- Overhead costs, and
- Capital-related charges, if you have any.

Exhibit 6 presents a worksheet for preparing expense projections for the first three of these areas. For many businesses, these expenses can be derived from industry norms, i.e. averages experienced by other similar businesses. However, in the adventure tourism business, where each business can be quite different and many are small, there are few industry norms available. As a result you will have to develop these numbers from a detailed work-up, based on an analysis of each item. This will likely require some research, discussions with potential suppliers, etc.

Cost of Sales

Cost of Sales involves the costs of items resold to customers. For an adventure business, this will include the cost of any retail merchandise, such as souvenirs, being sold to customers. Such costs will vary depending on the types of products offered and the things involved.

EXHIBIT 5 **PROJECTION OF REVENUE**

PRODUCT _____

	YEAR					
	Mature Year	1	2	3	4	5
Projected # of Customers						
Retail Price						
Weighted Average Percentage Discounts & Commissions						
Net Average Price/Yield						
Projected Customer Revenue (A)						
Additional Revenue Per Person:						
• Food & Beverage						
• Rentals						
• Other						
Total Sales Revenue:						
• Food & Beverage (B)						
• Rentals (C)						
• Other (D)						
TOTAL REVENUE (A+B+C+D)						

EXHIBIT 6
PROJECTION OF OPERATING EXPENSES AND OPERATING PROFIT

	BASIS	%	YEAR				
			1	2	3	4	5
COST OF SALES:							
Retail	% of Retail Sales						
Other	% of Revenue from other sources						
Total							
DIRECT:							
Wages for guides, etc.	Worksheet Calculations*						
Supplies	Worksheet Calculations						
Travel costs	Worksheet Calculations						
Food	Worksheet Calculations						
Beverage	Worksheet Calculations						
Accommodations	Worksheet Calculations						
Total							
OVERHEAD EXPENSES:							
Salaries for office & management	Worksheet*						
Fringe Benefits	% of Salaries and Wages						
Marketing	Worksheet or % of gross revenue						
Repair & Maintenance	based on norms or past						
Office Operations (Supplies, Phone,	experience						
Equipment, rent, Utilities, etc.)	"						
Insurance	"						
Property & Business Taxes	"						
Bank Charges	"						
Professional Services	"						
Travel	"						
Miscellaneous	"						
Total							
OPERATING PROFIT							

*Worksheet means that you will have to develop a worksheet to derive exactly what these costs will be for your business.

Direct Operating Expenses

These costs are also referred to as variable operating expenses. In essence, they include the costs that are directly involved in providing your services to your customers and they vary with the frequency of the services operated and the number of customers on the trip. These will involve such things as:

- Wages – guides, drivers, ticketing staff;
- Travel costs – cost of chartering van/boat, fuel, mileage;
- Accommodations – camping or fixed roof accommodations;
- Food and beverage supplies;
- Supplies – tickets, kitchen supplies, cleaning supplies, etc.

Overhead Expenses

Overhead expenses do not vary very much with changes in the volume of business, as do direct operating expenses. These are the supporting costs of providing service and, in general, running the business. The types of overhead expenses you will incur are described in Exhibit 6. Again, estimates can be developed based on industry norms but, for this type of business, are more likely to require a work-up based on a detailed schedule of likely costs. If you are expanding an existing business, you may have some norms to work with.

Operating Profit

The total of the above costs represents the sum of the costs of operating the business. The difference between total revenues and operating costs in a year represents the operating profit or operating income (or loss) of the business.

Other costs, including depreciation and interest costs on financing, are discussed in Appendix IV. You should reference this to appendix to calculate the projected net income of the business.

Net Income, Cash Flow and Return on Investment

Having calculated operating profit, it is now possible for you to determine whether or not the venture will be feasible. Simply put, you need to decide whether the projected profit from operations is sufficient to repay any debt and to justify the effort and the risks. This is a judgement call you and your investors (if you have any) have to make.

Appendix IV describes the calculations that you have to undertake to determine the net income and cash flow of the business, and to calculate return on investment.

6.6 Break-Even Analysis

Break-even analysis can be a useful tool in planning an adventure tourism business. This analysis simply involves calculating the break-even point, which is the volume of business where total sales revenues equal total variable and fixed expenses.

In order to determine your break-even point, you need to know your average trip price, and the amount of money the trip contributes to your fixed costs. This will tell you how many packages need to be sold.

After reaching the break-even point, each package sold beyond this level will generate an operating profit. The amount of profit will be equivalent to the amount the trip contributes to

fixed costs; that is, the total trip price, less the variable costs of operating the trip. In the example, the profit would be \$18 per trip, once the break-even point is reached. In other words, once the break-even level is reached, all fixed costs are fully covered and any further sales contribute to profits in an amount equal to the difference between the sales price and the variable costs.

Of course, the calculation gets more complicated the more types of packages and prices you offer. You should do a break-even analysis for each major product you offer so as to calculate the target number of sales you need for each product to make an appropriate or targeted contribution to the profit of the business.

Example of Break-Even Analysis

Say your trip price is \$45, and \$27 of this represents the variable costs per person. The difference (\$45-\$27=\$18) represents the per person contribution to fixed costs. So, if your business' fixed costs are \$5,000 per year, you will need to sell approximately 278 package trips per year to break even, as follows;

$$\frac{\text{Fixed costs } \$5,000}{\text{Contribution/person } \$18} = 278 \text{ packages}$$

6.7 Making The Decision To Proceed

The requirements for completing a credible feasibility assessment for your business proposal are clearly complex and onerous, but it is vital that a proper feasibility assessment be done before major commitments are made to establish the business.

Not all business people make the effort to undertake an assessment of their business plan. Without an assessment, they proceed to stake their capital and their livelihood on instinct, on gut feelings, and on the opinions of others who have nothing at stake. With so much at stake, it is worth a little time, effort, and money.

The techniques of a feasibility assessment are not generally understood and some people believe that it isn't possible to predict the future accurately. This is a poor excuse. It is possible to get some guidance on how to prepare a feasibility assessment (this manual is one source, of course); and it is possible to get help to carry it out. And while it may not be possible to predict the future accurately, predicting the future is not really what's involved here.

What is involved here is risk reduction, moving a business proposal from the pure seat-of-the-pants, "gut-feel" level, to a different level that is almost certain to prove more accurate than a gut feel. There is a myriad of pieces of valuable information out there, some easily obtained, others not, which can help take the unknowns out of a business judgement.

As well, a feasibility assessment allows you to make a series of small incremental judgements and specific estimates rather than one huge one; and the sum of a series of small judgements and estimates has proven again and again to lead to a more accurate prediction of future performance. In fact, when the estimating is broken down into small pieces, more often than not you will be

able to find sources of information to help you make your estimates with a degree of accuracy. For example, you may not have any way of guessing what the total operating costs of your adventure tourism business are likely to be, since your business will not be exactly like anyone else's. However, your wage costs for guides are likely to be similar to that of other operations, your insurance rates will be similar, and your utility costs are likely to be similar to those of other businesses in the community with similar spaces.

Finally, the process of preparing a feasibility study will indicate a whole series of ideas, opportunities, challenges, and problems for you to consider. As a result, you will be able to actually improve your business plan as a result of doing a feasibility study, as well as develop important insights about what it is going to take to be successful in the future.

The best, and perhaps most important, investment you will make in establishing your business is the preparation of a feasibility assessment.

Where to Get Help in Preparing a Feasibility Assessment

Help in preparing your feasibility study can be found from a variety of possible sources:

- Your accountant.
- Other operators of adventure operations. You may be able to talk a noncompeting adventure operator into coaching you and helping you with projections. You may have to pay them a fee, but, if you're lucky, they might do it for the fun of it.
- Someone who's sold an adventure business or has retired from the business.
- An official of a financial agency, such as the Atlantic Canada Opportunities Agency (ACOA), the Regional Development Authority, or the Business Development Bank.
- A private consultant.

Addresses for many of these sources of help can be found in the Appendices to this manual.

Many of these sources will be free, or at least low cost.

As mentioned earlier, you may decide that the complexities or scale of your project require you to retain some professional expertise to prepare your feasibility study. You may not, in fact, have a lot of choice in the matter, since some lenders and investors will insist on your having a feasibility study prepared by a professional management consultant.

6.8 Preparing The Business Plan

Once you have completed the feasibility analysis, you need to prepare a business plan. The business plan is built on the material you have accumulated to date, and includes a plan of all the steps and processes you need to go through to get the project up and running initially and keep it running successfully in future years. This document should be updated periodically to reflect some of the changes that occur as your plans unfold and should include both strategic issues and normal operating processes. While lenders will almost always ask to review a copy of your business plan, you should not consider it as merely a means of obtaining financing. The business

plan is critical to the ongoing operation and success of your business and you should refer to it often.

The plan itself should contain all of the items outlined in Appendix III of this manual as well as sufficient additional information to illustrate the steps you will go through to achieve your goal. You will need to document, for example, a marketing plan that will provide a strategy and process for you to attract clients to take your trips. This plan will identify who will be responsible for each task; when it is expected to be done; what the anticipated outcome of the effort will be; and what the effort will cost. Some suggestions for the types of things to include in this plan can be found in Section 10.

The business plan will include similar action plans for all other key areas of the company's operations, including organization and staffing, operating policies, internal controls, and information systems, etc.

Knowledgeable operators all agree that business plans are essential for strategizing the direction that you wish to take and detailing the step-by-step actions you have considered to reach your goals. In general terms, the more you put into the plan and the more you refer to it, the more likely you are to reach the targets and objectives you have set yourself. Furthermore, the business plan should always be considered as an evolving document, being changed as external conditions dictate and your own decisions require. Other aspects of your business plan will be considered further in Section 9, Operations.

6.9 The Financing Plan

The feasibility analysis will give you the basis for developing a financing plan. Basically, you will need to identify your proposed method of financing the business, including your equity investment, equipment items you intend to lease, longer term loan financing required and working capital you will need. Prepare a three year schedule of capital needs and proposed financing, indicating both initial investments as well as additions being planned in the short term.

The financing plan needs to be supported by the projections from your feasibility analysis, particularly with respect to how the operating profits are going to be able to cover loan and lease payments.

If you are looking for equity partners as well, you will also need to illustrate how much will be available for distribution to the partners/investors in each year.

Appendix III provides a more detailed discussion of financing issues, including potential sources of funding.



SECTION 7

Designing the Product

SECTION 7

DESIGNING THE PRODUCT

This section provides some suggestions for product planning.

Each adventure tourism business is a unique creation based on the kinds of adventure experiences appropriate to the destination and the markets being catered to. However, some common denominators exist.

7.1 Principles

In designing an adventure product, it is important to remember several of the key “requirements for success” we discussed in Section 3. Some of the key ones relating to product include:

- Designing and operating your business in response to the customer’s needs and demands, that is, adopting a marketing concept approach;
- Developing, and identifying your competitive advantages;
- Marketing your unique selling propositions (USPs);
- Positioning your product appropriately, given your target markets; and
- Providing a quality experience.

Most importantly, remember that in the adventure tourism business the customer is seeking an experience; one that may be entertaining, exciting, physically active, educational, or just fun. The key thing to remember is that this is an experience business!

7.2 Designing the Experience

In order to design the adventure tourism products and experiences you will offer, first review all of your research to date. In developing your business concept and strategy, you have already selected the markets you believe offer the most potential, and identified, in general terms, the types of products you are going to offer. Now you have to design the product(s) and packages that will have the greatest appeal to these markets, the greatest potential in terms of sales and profits, and a competitive advantage in the marketplace versus other similar products in the province and elsewhere.

If your market analysis and product positioning dictates that several products/packages are required, try to simplify things rather than end up with too many products. Use a mix and match approach with different product and service features to adapt the product for different markets, but in a fashion that will be simple to administer and simple for customers to understand.

Also remember the fundamental principle that adventure tourism products are experiences. Often adventure operators lose sight of this essential principle, becoming preoccupied with the day-to-

day demands of the business; maintaining equipment, scheduling trips, dealing with guides, paying bills, etc. But all of these things are being done for a more important purpose: providing appealing adventure experiences for customers. As a consequence, the first priority in product planning is to design an experience of appeal to the customer (or several different experiences, as the case may be).

Below are some guidelines to help you plan an experientially rich adventure product:

- Offer a unique and truly one-of-a-kind adventure experience, based on quality outdoor adventure activities that suit your markets.
- Include important natural features in the area or region – piggyback on their appeals to help sell the product. Examples could include bird watching in an old growth forest, hiking Cape Split, or rafting the Tidal Bore.
- Include some unusual or customized features or programming to give your product a difference and a competitive advantage. Some examples include a special talk by a local historian added to a natural history hiking trip, or an inn-to-inn hiking tour which includes an outing to a winery to explore Nova Scotia wine making techniques and wine sampling.
- Include educational components and utilize experts. For example, have a biologist lead the trip and provide educational (and entertaining) insights into wildlife, flora, etc.
- Some types of adventure tours lend themselves to themed programming. Adding a theme to the product's name and some themed features can increase an adventure tour's appeal and uniqueness. An example would be a Voyageur Canoe Expedition featuring a guide in traditional dress, a traditional canoe, and visits to an Indian burial ground and Sweat Lodge. This would be quite different from a Palaeontology Hiking tour featuring rock hounding and fossil exploration, with visits to the Fundy Geological Museum and the Joggins Fossil Cliffs, for example.

If you incorporate theming, keep it true to the real heritage and culture of the area. Modern tourists are quick to distinguish genuine features from contrived ones. The former add to entertainment value; the latter diminish the experience.

- Hire guides with real personalities, who exemplify the local culture of the area, and train them to be leaders, entertainers, and interpreters, not just commentators. Also train guides to have a comprehensive and expert knowledge about the features of the experience/tour and the destination.
- Invest the time and effort in developing a rich interpretive program replete with human heritage, cultural traditions, natural history, and stories and anecdotes.
- Maintain a high guide-customer ratio to support a high level of customer interaction and limit negative environmental impacts. (The recommended ratio varies by activity, with some adventure operators finding that one guide to every 4 or 5 customers is all that can be handled to ensure a safe and enjoyable experience. However, for other activities, a ratio of one guide for 8 - 10 customers is appropriate, and this is likely to be more economic. If your product requires a higher level of skill on the part of the participant or has more elements of risk, you may require a higher guide:customer ratio.)

- Consider pacing so as to give people a chance to stop, rest, and simply enjoy the sights, smells, sounds, and wonders of nature. You have to build this into the schedule. Provide enough to make the day stimulating but not too much to make it relentless.
- Provide meals if they are likely to be required by customers, given the length of the tour. Even same-day experiences can include a packaged lunch and beverages, or a light snack. If your trip is multi-day, it should include all meals and these meals should be of excellent quality, using fresh, local ingredients to the extent possible.
- Develop informative literature about your adventure product and provide this to your clients. For multi-day adventure products, it will be important to provide your clients with a variety of information before the trip, including such things as equipment and clothing needs, weather conditions, highlights and key features of the tour. You may also want to provide some background information to augment your interpretation and educate your clients – remember, today's adventure clientele crave information and want some level of learning.
- Under-promise and over-deliver. One easy way of doing this is to provide added value features. Small add-ons such as souvenir T-shirts with your business or tour name can be excellent surprises and are also good marketing tools. If your product is multi-day, you could include a special meal such as a seaside lobster bake, or an evening of musical entertainment. Such features should not all be advertised, so that customers perceive them to be extra values or surprises while on the trip.
- Cater your trips to the experience, interests, and physical abilities of your clients. Modify trips to cater to those seeking more or less challenging experiences; this will help you meet visitor expectations and ensure their safety and satisfaction. It is important to gauge the interests and abilities of each participant and develop the experience/tour according to these factors. If needs vary, it may be necessary to split groups into two or more segments to accommodate those seeking differing levels of intensity, or to develop customized tours for greater personalization.
- Build flexibility into each program, so that some participants can opt to do it all, while others can cut the experience short. This will require some extra planning. If some clients want free time to rest or explore on their own, allow for this if at all possible.
- Put a professional "face" on your business. Some notable needs in this respect include:
 - Have a separate phone and fax telephone number from your home number for customer enquiries and bookings;
 - Make arrangements so that the phone can be answered year round, and by someone who can adequately represent the business (not your children!), or use an answering machine and check it at least daily;
 - Keep the reservations and scheduling book, your price sheet and other appropriate information handy by the phone.
- Overall, make sure you are ready to go to market before you do so!

7.3 Equipment and Supplies

If you have done your homework in the concept development stage, you will be able to fairly easily define the mix of equipment features needed to deliver your product(s). Basic equipment needs will depend on the nature of the activity and the tour product, and might include things like canoes, kayaks, safety gear, transportation for clients and equipment, food preparation and storage equipment, etc.

You will also need to consider the capacity you will require for any transportation equipment. This will depend upon the type of product you are offering and will also involve assessing the requirements of various regulatory agencies for transportation equipment (these are discussed in detail in Section 8).

Remember to have back-up equipment and contingency plans in the event of equipment breakdown. This is especially important for equipment essential for the activity (e.g., sea kayaks), and transportation equipment. Also make sure you have parts, and repair and maintenance services, readily available.

Any vehicles you use need to be in good repair and kept immaculate. Clean, late model vehicles that are well maintained will give you a professional image.

7.4 Support Facilities and Services

There are a variety of other facilities and support services you might need. You may provide these to your customers yourself, or utilize the services of other suppliers to provide them. They include:

- Ticket office (this applies mostly for same-day adventure experiences);
- Storage area for supplies including a refrigerator and freezer if meals are being provided;
- Access to a kitchen or clean-up area to handle cleaning of equipment and meal preparation, if necessary (e.g., perhaps make arrangements with accommodation properties to allow access to their back of house facilities while on tour if you do not have on-site support infrastructure);
- Rest areas or shelters for customers;
- Administrative and sales office;
- Shuttle vehicle to pick up clients at area hotels or at the airport.

Again, contingency arrangements should be made to handle emergency problems such as equipment failure.

7.5 Guide Selection

The skills and knowledge of your guides, as well as their ability to provide genuine service and good quality interpretation to your clients, will have a significant impact on your company's credibility and reputation. Adventure guides are recognized as experts in their field and guests today have high expectations with regards to guiding. It is therefore essential that your staff are knowledgeable and skilled professionals with a strong service orientation.

For some activities such as scuba diving, your guides will need to be professionally certified. Guide staffing, training, Industry Standards and Certification, and other guide requirements are addressed in more detail in Section 9.

7.6 Programming, Packaging and Partnerships

As mentioned earlier, the adventure tourism operator has a major opportunity to expand his/her market and revenue potential by adding other services beyond that of the core experience and basic equipment. Adding other services will also enhance the appeal and value of the experience to the consumer and support acceptance of a higher price.

There are three ways for the adventure operator to accomplish this;

- Programming,
- Packaging, and
- Partnerships.

We will address all three methods in this section.

Programming

Programming is generally defined as the enhancement of a single tourism product or service through the introduction of some added activity or feature.

Within the tourism industry, adventure tourism is all about programming. It is the unique and appealing things to see and do on the adventure which will help differentiate your adventure product from the products of your competition. Special programming can also be particularly effective in building business in the shoulder season. It is worth the time and effort to be creative and diligent in developing programming for your adventure product.

With programming, you can broaden the experience for customers, giving them more to do. You can do this by expanding the facilities, equipment and services offered so as to earn more revenue on more features. You could hire additional people to provide these enhanced services to customers, or contract these functions out.

It may be practical to do this yourself, such as purchasing a van for ground transfers, or, it may make more sense to make arrangements with others in the area who are already equipped with these capabilities, e.g., chartering a van from another supplier.

There are a variety of ways of making such arrangements, of course, ranging from simply contacting individual services on behalf of individual customers, through developing packages involving a whole range of additional services, and ultimately, to elaborate, joint venture approaches in partnership with other tourism operators.

Packaging

Packaging, simply put, is the presentation of a number of products and services that would normally be purchased separately, but which, in a package, are offered as a single product at a single price. The price should generally be at a lower price than the customer could obtain in

purchasing these features separately. The concept is to provide the customer a comprehensive experience, including all of the services required, at good value.

When your adventure product extends beyond the rental of equipment or a single experience such as a scheduled whale watching cruise, it will, in almost all cases, be in itself a package, since it includes a number of different products and services, offered as a single product at a single price.

Successful packages are those that offer unique, appealing experiences for purchasers, and good value. Tourism today is very much an experiential business, and a well-designed package has the marketing advantage of being built around outstanding experiences. Quality adventure tourism packages exemplify this.

Packaging Tips

Here are some tips for successful packaging:

- Plan carefully and do so long enough in advance to ensure that no important aspects of the package have been overlooked and there is sufficient time to finalize arrangements.
- Good packages require attention to details such as schedules, special needs, confirming reservations, accounting for vouchers, etc. It's with the details that you can get in trouble. It's also in the details that you can impress your guests.
- It is also important that you develop a phased introduction in terms of the number of packages to be offered and the frequency of their availability. Develop one at a time.
- Make sure the package is complete. Do not leave out components a customer is sure to require.
- Schedule activities at a comfortable pace.
- Offer a benefit or a bonus. Potential purchasers expect to be offered a benefit in the package that they would not receive if each component were purchased separately, either a saving and/or a special feature.
- Price the package competitively.
- Ensure individual package components are compatible and of consistent quality.
- Provide customers with maximum flexibility on optional features and services. Some suggested guidelines on what to include and what to make optional in a package are:
 - Include the feature if it is essential for the customer to have it, where choice is not possible or practical, or if there are no appealing options available. For example, a multi-day hiking tour would normally include overnight accommodations and probably most meals.
 - Include the feature if there is a significant advantage to the consumer in doing so (e.g., a major saving). For example, as an adventure operator, you may be able to negotiate discounts on entrance fees to attractions.

- If there are quality, appealing options available, and if having a choice is of benefit to the customer, offer a choice within the package, or leave the feature out of the package and provide suggestions. For example, a multi-day, accommodation-based sea kayaking trip may offer optional evening activities, say a moonlit kayaking experience or an evening of local story telling.
- If it is a group package, include all the features the group will participate in together. For guided adventure trips, this would normally include all equipment, accommodations, meals, ground transportation, and key activities or attractions.
- Arrange packages and booking systems to ensure there is some customer compatibility.
- Keep customers fully informed. As mentioned earlier, purchasers should be provided with full information relating to the package including what extra costs might be incurred that are not included in the package price. They also need to be informed in advance if any changes are made to the package from what they originally booked or saw advertised.
- Establish a fair refund and credit policy. Many adventure operators require a deposit to secure a booking for multi-day trips, and full payment 30 to 60 days in advance. Should a customer cancel within a certain time period, they should be given a reasonable portion of their deposit or payment back. However, refunds are not usually provided for last minute cancellations when the operator has no opportunity to get another booking.
- Make sure the package is profitable!

Partnerships

The partnership approach involves setting up an arrangement with another tourism operator. In partnerships, the adventure operator and the other operator become joint sponsors of the package, each of them contributing to its planning, marketing and management. This may be an appropriate approach where the other operator has a major stake in the package and a significant portion of the revenue. An example of this may be a resort-based adventure experience where the adventure operator partners with the resort and both operators sponsor, promote, and manage the package.

Important Considerations in Programming, Packaging, and Partnering

All of the three approaches (programming, packaging, and partnering) offer advantages to the adventure operator. While different approaches will suit different operators and different situations, there are some general things you should consider:

Product Issues

- If you are using the services of other businesses, such as accommodations, restaurants and the like, you must make arrangements and negotiate these services. It is a good idea, as well, to establish contingency arrangements in the event of the non-availability of product/tour features or inclement weather.

Market Issues

- Customers will appreciate optional activities and services being made available and are prepared to pay extra for them. (Outside of the core activity and its associated services, however, many customers prefer that the optional activities that are not part of the core experience not be built into the package, but offered to them as an option with an additional charge.)
- The customer already sold on the core experience is an excellent prospect for being "upsold" on other quality activities and services while they are there.
- Customers who have a quality, comprehensive experience may come again, and will tell their friends. Customers who don't, won't, and will surely tell their friends!

Contracting Out or Do it Yourself

- In terms of risk, it is probably better for you, at least initially, to contract out rather than invest in additional facilities and staff, until such time as the volume of revenue can clearly justify such an investment. Clearly, however, this is only an option if the services are available in the area and if they are of a suitable quality, are reliable and are affordable.

If the alternative services are not of sufficient standard, are too expensive, or are of questionable reliability, it is better to have control of them yourself, since the very last thing you can afford is to have someone else ruin the experience of a customer you have worked hard to acquire.

- Where quality services are available from others, whether it is more profitable for you to provide the facility or service yourself or to contract it out will be dependent on a variety of other factors as well. Issues include questions of financial risk, the need for investment, your ability to ensure a high and reliable standard of service, controlling the service, incremental costs of providing the service, etc. All these questions have to be carefully studied.
- One issue of importance is flexibility and its connection to risk. For example, if you invest in and develop a range of facilities and services, the need to have all of these services used can force you into a mode of having to push services and ensure that they all continue to justify themselves. While this may offer the advantage of giving you several revenue sources, it also reduces the flexibility you would have to mix and match different services for different customers, and to adapt to demand changes over time. It essentially puts you into several kinds of businesses, which may not be ideal.
- Contracting out, by contrast, leaves you a lot of flexibility to change offerings over time. It has the merit of ensuring you "stick to your knitting," a slang expression for staying with what you can do best and avoiding becoming responsible for things you know less about and are less able to manage effectively.
- Your options may, in fact, be limited by the resources available to you; the availability of financing to add new facilities and services, working capital to carry the additional operating costs, the availability of qualified staff to provide specialized services, etc.

Clearly, the right formula for your business is not something that can be generalized. You must carefully review the options available, in the context of the customer's satisfaction, your revenue potential, your profit potential and risk, and the availability of resources – people and money – to you.

7.7 Scheduling

In the scheduling of adventure products, you need to consider how many departures you will need to offer. If your adventure experience is a short one, i.e., part day, you will have to consider how many tours or departures you want to offer per day. If your product is a multi-day adventure, you will need to determine how many departures you will need per season.

Here are some factors to consider:

- Demand levels in different seasons, on different days of the week, and perhaps at different times of the day;
- The number of guides and support staff you have available to you, both on staff or on contract;
- Preferences of clients as to a suitable tour length. (Many operators offer a range of tour products, ranging from same-day experiences, to 2 and 3 day trips or 5 and 6 day experiences. Others offer only same-day experiences.)

7.8 Quality Control

In planning for and selecting the facilities, equipment, and supplies you are going to need, keep the following quality-related issues in mind:

- Quality, durable equipment will last longer, perform better and be safer. It's perhaps more expensive, but it's usually a lot better investment;
- Consumers today will be concerned as well with the cleanliness and state of repair of your facilities and equipment, so you should develop a schedule for regular maintenance and regular cleaning. This is an area that is often neglected by outdoor operators.
- Safety will be a key issue in arranging for insurance, in reassuring tour operators carrying your product and in giving confidence to customers. It will also be important if there is an accident and you need to account for yourself. There needs to be a plan for each kind of likely problem, advance arrangements put in place to deal with them, and suitable forms and levels of insurance. (We address safety in more detail below, under Risk Management and Insurance.)

You also need to establish measures to monitor and track your quality control efforts to ensure you are consistently providing a good quality product to your customers. Examples of such measures could include:

- Maintain close personal contact (e.g., via telephone) with your guides on a daily basis, keeping on top of potential problems or concerns. Ensure the trip is going well.

- Encourage customers to give you feedback about their experience. It can take the form of informal comments to your guides and yourself, or can be a written evaluation at the end of the trip (e.g., guest comment or suggestion card). Asking clients to tell you what they like about a tour, and what they dislike, will give you important information you can use to improve your product.
- If your business is likely to generate repeat business, track repeat sales and ensure you are keeping your customers satisfied.
- Ask guides to provide suggestions of how to make improvements and implement those that make sense.
- Make it a policy to address customer complaints and problems, and strive to keep clients happy.
- Regularly conduct field-inspections to check the resources upon which your adventures are based. For example, trails and other infrastructure can become eroded or otherwise damaged over time, and this can undermine both the safety and quality of the experience.
- Have contingency arrangements in place, including a range of suitable locations for the activity should areas become inaccessible for some reason (e.g., inclement weather, fire hazard because of drought).

7.9 Risk Management and Insurance

As mentioned earlier in Section 3, the world has changed in recent years for the adventure tourism sector; difficulties in getting insurance and skyrocketing costs for insurance, new regulations from Transport Canada with respect to boats and other water-craft, new standards of safety and risk management practices are all having significant impacts on the sector.

Risk management has become an essential part of every adventure operator's business. A report published by the Canadian Tourism Commission in 2003 had this to say about it:

"Relying exclusively on insurance to cover the risks of your business is no longer viable. Business organizations worldwide have adopted 'risk management' principles to address the increasing legal, ethical and financial obligations to manage the principal risks of their business."⁴

It is evident that, in order to get insurance for an adventure business today, particularly at a reasonable cost, you will need to have a properly designed risk management program in place.

The same report goes on to describe the risk management process as involving the following stages:

1. Risk identification, through on-site inspection and review of operations, review of past problems and identification of risk scenarios.

⁴ 'Risk Management Guide for Tourism Operators', prepared for the Canadian Tourism Commission by RM Solutions, 2003, page 1

2. Risk analysis, assessing probability (frequency) and consequence (severity).
3. Risk control, identifying corrective and/or preventative action for significant risks.
4. Risk treatment, via arranging insurance coverage.

We recommend that you obtain a copy of the Canadian Tourism Commission report referenced above, entitled 'Risk Management Guide for Tourism Operators', which provides an excellent summary of contemporary issues and risk management practices. , it can be ordered directly from the CTC or downloaded from their website at www.canadatourism.com if you are registered on the CTC's 'Canadian Tourism Exchange'. You can also download self-evaluation risk assessment worksheets by clicking on 'Partnership Programs', then 'Industry Relations', then 'Publications'. Click on 'Guide to Self-Assessment of Risk'.

This publication goes on to review the basic insurance needs of adventure tourism operators.

The report also addresses the provisions of the new Marine Liability Act which is scheduled to come into effect in due course (check with Transport Canada's website, at www.tc.gc.ca for the status on this legislation). This may be important if your adventure operation involves boats or other types of water-craft.

Transport Canada has also introduced new regulations with respect to passenger vessels that may affect you. This is discussed further in Section 8.

Safety is also fundamentally important from a legal standpoint with respect to provincial Occupational Health and Safety regulations. We'll also deal with this issue in Section 8.

For your clients, safety is of paramount importance in their experience. Although adventure travellers are seeking an "adventurous" experience by undertaking the activity, they place the ultimate responsibility for their well-being on you and your guides. The actual risks in the activity must be mostly perceived risks; while your clients may enjoy thinking they are undertaking an

adventurous, somewhat risky activity, you must have full control over these risks and be able to manage them to minimum acceptable levels. Safety procedures and policies must be in place, of course, in order to do this.

Adventure operators and guides also make crucial decisions affecting customer safety and determine the degree to which they are exposed to dangers. Perhaps the most important operator/guide safety decision is whether to run the trip or not, given

Common Safety Issues

- Climate conditions such as storms, high winds, etc.;
- Environmental factors such as erosion, flooding, or drought which can make trails and other areas dangerous to access;
- The ruggedness of the terrain or waterway;
- Pollution (e.g., contaminated water, unsafe swimming areas);
- Poisonous plants, berries, and the like;
- Dangerous wildlife such as bears;
- Special dietary needs and allergies of customers;
- Medical needs of customers (e.g., medicine they may take, pre-existing conditions);
- Physical abilities and limitations of customers;
- Medical emergencies;
- Food spoilage;
- Equipment capacity thresholds and capabilities;
- Equipment failure.

a host of potential dangers including inclement weather conditions, equipment failure, stormy seas, etc. Your guides may play an even more important role in this respect, as they influence the safety of the visitor in the field on a day-to-day basis. While on a tour, the adventure guide has a comprehensive role in ensuring customers are healthy and safe with respect to hazards inherent in participating in the activity and being outdoors.

Guides and adventure operators need to take every possible step to ensure that customers participate in adventure activities in a safe and responsible manner. Adventure operators and their guides must also be skilled at determining the seriousness of potential dangers, hazards, and accidents. When an accident does occur, they must be able to make good judgement regarding the severity of the accident and what steps are needed to handle the situation in an appropriate way, giving consideration to customer comfort, treatment, and safety. You need to have contingency arrangements in place to deal with rescue situations, and also for making any subsequent changes to your program that are required.

There are many safety factors to consider, some of which are individual to the activity. Some common safety issues are highlighted in the box.

7.10 Handling Special Needs

In today's adventure tourism market you are likely to come across some special needs including such things as:

- Dietary restrictions, allergies, sensitivities;
- Medical conditions requiring close attention, and perhaps awareness of where a client's medicine is kept in case of emergency;
- Physical limitations, including hearing impairments, restricted mobility (e.g., difficulty walking up stairs, difficulty bending down or getting into or out of equipment such as boats);
- Age limitations, such as those of small children or elderly clients.

You should establish a procedure to ascertain any special needs early on in your trip planning process. If you are aware of these needs, your ability to cater to them will be enhanced and you will be better prepared to customize your adventure trips to suit them. Similarly, any needs which you are unable to cater to will be identified. Be sure you can handle the special needs of your clients if you are willing to take them on a tour; again, their safety is in your hands.



SECTION 8

Legal, Regulatory and Tax Matters

Legal and Regulatory Issues

Addendum: Food Safety Regulations

November 2005

Readers of this manual should take note of the following addendum with respect to regulations governing food safety in Nova Scotia. These regulations apply to almost all businesses that serve food to the public and impact the type of business for which this development guide is written. These new regulations may change the information in this section of the report regarding Food Establishment Permits. You should review the appropriate regulations (obtained through the following website www.gov.ns.ca/nsaf/foodsafety/) and talk to a representative of the Food Safety Section, Department of Agriculture and Fisheries to obtain detailed and up-to-date information on the requirements for food safety as they affect your business.

The Health Protection Act, effective November 1, 2005, provides for new food safety regulations in Nova Scotia and establishes provincial standards for restaurants, grocery stores and other places where food is served or sold. The Nova Scotia Food Retail and Services Code is an interpretative guideline that explains how to meet the objectives identified in the Nova Scotia Food Safety Regulations contained within this act. Eating Establishment (Provincial) Regulations will also be available. Both can be obtained from www.gov.ns.ca/nsaf/foodsafety/regulations.shtml

There are a wide range of regulations and guidelines contained within this material that may affect your business and it is beyond the scope of this manual to describe them. However, one that should be noted is the requirement for food hygiene training for the managers/supervisors of food establishments or a designated person in their absence. This includes the owners or managers of a bed and breakfast. As well, operators of food establishments must ensure that food handlers have the necessary knowledge and skills to enable them to handle food hygienically. To assist in meeting this requirement, the Nova Scotia Tourism Human Resource Council has introduced BASICS.fst ONLINE, an on-line food safety training course for food handlers. Information on this course can be obtained through the website, www.tourismhrc.com.

SECTION 8

LEGAL, REGULATORY AND TAX MATTERS

This section addresses legal, regulatory and tax matters concerned with the establishment of your adventure tourism business. There are a multitude of laws and regulations that affect business and readers should note that the information contained herein is a guide only.

It is strongly suggested that the reader undertake efforts to verify any information on which their business plan is based and not rely solely on the information in this manual. There are areas where you may want to consider retaining the appropriate professional expertise to assist you.

While the information contained in this manual is believed to be accurate, as of the winter of 2005, it is not so warranted. The reader should note that federal, provincial and municipal laws and regulations change frequently and it is recommended that you check with the appropriate authorities, listed in the Appendix, including representatives of the Nova Scotia Department of Tourism, Culture and Heritage and your local Business Service Centre (on line at www.gov.ns.ca/snsmr or at Access Nova Scotia centres around the province), to obtain up-to-date information on laws that may affect your business. You should also check with Transport Canada's Office of Boating Safety if your operation includes boats of any type, and the Nova Scotia Public Utilities Review Board if your operation includes vans or motorcoaches.

8.1 Permits and Licensing

The licensing regulations that affect your adventure tourism operation will depend upon the mode of transportation used to escort people on adventure trips. For example, if you are planning to operate a whale watching boat tour you must adhere to Transport Canada regulations which govern issues such as ship design and certification, safety and firefighting equipment, crew complement and qualifications. If you will be operating a vehicle to transport your customers, various regulations under the Nova Scotia Utility and Review Board apply.

Vehicle Permits and Licensing

All vehicles used in your operation must have valid permits and licenses issued by Service Nova Scotia and Municipal Relations Registry of Motor Vehicles. In addition, drivers must have the appropriate class of drivers' licenses for the type and size of vehicle they will be operating. Contact Service Nova Scotia and Municipal Relations Registry of Motor Vehicles for additional information.

You will require a Motor Carrier License to operate a vehicle that holds nine passengers or more (excluding the driver); or a Commercial Van License for vehicles that carry 8 passengers or less (excluding the driver) and provide a daily, weekly, or other regular service, or a charter or tour service that enters or departs any municipality. These are available by contacting the Nova Scotia Utility and Review Board, Motor Carrier Division.

If your adventure operation intends to use a limousine or taxi cab to transport passengers, you must obtain a taxi/limousine operator's license from your local municipality. Your municipality may have specific regulations regarding the number of taxis/ limos it will license, as well as fare limits. In addition, your municipality will likely require an annual inspection of the vehicle for its operating license renewal. It should be noted that a taxicab is considered to be a vehicle that has a seating capacity of 8 passengers or less (excluding the driver) and is operated within a municipality, or under hire on single contracts within the province (one way or return) and is not operated as a regular service or a charter service.

As previously indicated, a Commercial Van License is required if your vehicles accommodate eight people or less, excluding the driver, and provide a daily, weekly, or other regular service, or a charter or tour service that enters or departs any municipality. Under this type of license the owner/operator of a vehicle is subject to regulations, including those relating to hours of work, vehicle inspections and maintenance records documentation; as well as the following required safety features:

- Portable fire extinguisher
- Unitized first-aid kit
- No less than 3 triangular reflectors

As an adventure tourism operator utilizing a Commercial Van License, you should pay particular attention to the hours of work allowed under the Motor Carrier Act Regulations. If you or an employee will be driving, in addition to performing other duties relating to your business, you will be subject to regulations relating to the number of hours you are permitted to operate a vehicle during a given time period.

For larger vehicles - those carrying nine or more persons, excluding the driver, a Motor Carrier License is required. If you are chartering the vehicles from another company, then the Motor Carrier License is the responsibility of that company and you only need to worry about whether your supplier has the necessary operating authorities.

There are two types of Motor Carrier Licenses which are relevant to this type of business:

- A Charter License, which permits you to hire/charter your vehicle for a lump sum price for the purposes of chartering for groups, tours, and adventure travel;
- A Sightseeing License, which permits you to sell individual tickets for tours using the vehicle.

You can have both types of license but you can only offer the type of products and services that are spelled out in the license. Your license will indicate:

- The type and size of the equipment you are using;

- The prices you will be charging, including regular rates, discounted rates for the travel trade, etc;
- Your itinerary, routes, and where you pick up and drop off passengers (this could cover a large or a very small geographic area). (Note that this is a key requirement for Sightseeing Licenses. For Charter Licenses, the restriction only pertains to the geographic area in which you may operate.)

The Nova Scotia Utility and Review Board will assist you in applying for the correct license and completing the application forms.

For all license categories, the Utility and Review Board will expect to see a comprehensive business plan identifying your markets and where your business will come from, as well as the financial basis for your operation. In providing Motor Carrier Licenses, the Board attempts to ensure that there is a sufficient market available so that existing operations can continue to operate on a reasonable financial basis, while you also operate a financially viable business.

The process of obtaining a permanent Motor Carrier License takes about six to eight weeks, assuming there are no major objections. Once your application is completed and submitted to the Board, they place an advertisement in the Royal Gazette (two issues), and anyone (existing businesses, the general public) has 21 days to enter an objection. If there are no objections, the application will proceed to the Board for consideration.

If there are objections, they will be reviewed by the Board and the Board may convene a hearing to listen to the concerns of the parties objecting. Parties can object to any element of your application, e.g. rates, route, size and type of coach, etc. If there are objections, the process lengthens, usually by about another 30 days but possibly much longer, depending on the scale and nature of the objections.

If you are starting a new business, you may want to consider applying for a Temporary Authority under the Motor Carrier Act. This license costs a bit more but can be granted by the Board without going through the process of advertising for objections. The Temporary Authority is valid for 90 days, can be extended for an additional 90 days and can be granted within a two to three-week period, provided the applicant can establish an immediate and/or special need which might permit the Board to issue this Temporary Authority. Note, however, that being issued a Temporary Authority does not necessarily guarantee that you will be awarded a permanent Motor Carrier License when you apply for one. You may, therefore, want to consider seriously the level of investment you want to make in your business, based only on a Temporary License.

If you already have a Motor Carrier License and want to make changes to any of the items identified above, you will need to apply for an amendment to your license, and this will have to go through the same process as the permanent license. If you are just replacing one vehicle with another of the same size, then you do not need an amendment but if you want to add vehicles, change your prices, or pick up passengers from a different location than is incorporated in your permanent license, then you will need an amendment.

Your insurance company will have to complete a Motor Carrier Certificate of Insurance, indicating the carrier of the insurance on your vehicles and the limit of coverage in accordance with the Act and Regulations, and forward it to the Utility and Review Board in order for you to receive your license. In early 2005, insurance requirements for vehicles transporting 20

passengers or less are \$1 million in third party liability coverage, as well as \$2 million in passenger liability & property damage; while vehicles carrying 21 passengers or more must have \$1 million in third party liability and \$3 million passenger liability & property damage coverage. It is advised that you contact the NS Utility and Review Board, or check their website, www.nsuarb.ca, as this information is subject to change.

As well, your vehicles will have to be inspected prior to business start up and every six months thereafter. The inspection covers mechanical and body issues, cleanliness (interior and exterior), and the delivery of service. You will have to have the license renewed on an annual basis, but this is routine (plate renewal) unless you want to make changes.

If you want to take an adventure tour out of the province, you will need another license - an Extra Provincial License - and you may also need approvals from the other provinces in which you intend to operate. You also have to apply to abandon your license, should you decide to stop operating. With the exception of Regularly Scheduled Service, this is a fairly routine matter.

Given the complexities of obtaining Motor Carrier and Commercial Van Licenses, you should not make any financial commitments to your business (e.g. purchasing vehicles, buildings, etc.) until you have obtained your required License and/or Extra-Provincial license.

Contact the Motor Carrier (Public Passenger) Division of the Nova Scotia Utility and Review Board for further information pertaining to these licenses at (902) 424-3588, or visit them online at www.nsuarb.ca

Cruise Vessels

Regulatory issues are of major concern to the excursion boat industry. A brief synopsis of the types of regulations you should be aware of for excursion (same-day) or overnight adventure boat operations are highlighted below:

Before You Start, Investigate

Marine Regulations exist to protect human life and the environment. There are penalties for failure to comply with the applicable regulations.

Prior to getting too far into your project, you should investigate the Regulatory requirements. Transport Canada is involved in the regulation of boats through two sectors:

1. Marine Safety's Office of Boating Safety regulates pleasure craft.
2. Transport Canada Marine Safety regulates non-pleasure craft. In almost all cases, a sightseeing tour operation would be a non-pleasure operation. The boat(s) and crew would be required to meet the requirements of Transport Canada Marine Safety, including inspection of the boat, and appropriate certification of the crew.

The differentiation between pleasure and non-pleasure craft is not always clear, although in principle if you plan to earn revenue (directly or indirectly) the vessel is a non-pleasure craft. For instance, by taking paying passengers in your boat or leading a group of boats this will be a non-pleasure craft (commercial) operation. However, a boat rental operation, provided the renter is operating the craft, is considered a pleasure craft operation.

The application of the relevant regulations is dependent on two main variables; gross tonnage, and, for non-pleasure craft, the number of passengers.

Gross tonnage is effectively a measure of size (volume), not of weight. For most small vessels, it is a function of overall length, the key cutoffs being:

- Less than 8.5 M, 5 tons gross
- Not over 12 M, 15 tons gross

Carriage of any passengers, or more than 12 passengers, will impact the inspection requirements.

Transport Canada Marine safety issues decals with annual update stickers for tour boats that pass their annual inspection. This decal, and other information given to passengers regarding taking a boat tour, can be found on the web at:

www.tc.gc.ca/marinesafety/CES/Small-Commercial-Vessels/boating-tour.htm

For further guidance, and information on whether your operation is pleasure or non-pleasure, and the relevant regulations, you can consult the following:

- Transport Canada Small Commercial Vessel website:
www.tc.gc.ca/marinesafety/CES/Small-Commercial-Vessels/menu.htm
- Small Commercial Vessel Safety Guide TP14070 (hard copy) or online at:
www.tc.gc.ca/MarineSafety/TP/TP14070/menu.htm
- Transport Canada Office of Boating Safety website at
www.tc.gc.ca/BoatingSafety/menu.htm
- Small Vessel Regulations found at the following website:
www.tc.gc.ca/acts-regulations/GENERAL/c/csa/regulations/070/csa076/csa76.html
- Differentiation between 'pleasure' and other vessels at the following website:
www.tc.gc.ca/marinesafety/bulletins/2000/14e.htm

You can find the necessary forms at the following website:

www.tc.gc.ca/marinesafety/CES/Small-Commercial-Vessels/forms.htm

The legal foundation of most marine regulations is the Canada Shipping Act, found at

www.tc.gc.ca/acts-regulations/GENERAL/C/CSA/menu.htm

Or, you can contact the local office by phone, as follows:

Pleasure Craft

Office of Boating Safety, Dartmouth: 902-426-7525 or 1-800-387-4999

Non-Pleasure Craft

Marine Safety

Dartmouth:	902-426-7722
Yarmouth:	902-742-6860
Port Hawkesbury:	902-625-0803
Sydney	902-564-7002

Vessel Classification

There is a basic difference in the regulatory requirements for pleasure and for non-pleasure (commercial & government) craft. If you are profiting in any way by the operation of your vessel, such as by transporting cargo or passengers, you are operating a non-pleasure craft. One exemption is rental craft, where the renter operates the vessel - this is considered a pleasure craft.

Also, for the purposes of this guide, Commercial Fishing Vessels (not carrying passengers) are excluded, as they are inspected under separate Regulations.

Pleasure Craft

Pleasure Craft are vessels that are not operated for profit. However, the regulations governing pleasure craft also apply to pleasure craft that are rented and, as an adventure tourism operator, you need to be familiar with them.

Pleasure Craft Licensing or Registration

All recreational vessels under 15 gross tons and powered by an engine of 10 horsepower or more are required to be licensed through the Canada Border Services Agency. Pleasure vessels of 15 gross tons or more are required to be registered, and carry a name rather than a license number. For more information visit the following website www.tc.gc.ca/BoatingSafety/pcl.htm.

Operator Competency (Boater Education) for Pleasure Craft

As an adventure tourism operator there are several regulations specific to pleasure craft that you should be familiar with. Transport Canada, Office of Boating Safety, is responsible for pleasure craft regulations.

The Competency of Operators of Pleasure Craft Regulations concern operators of pleasure craft fitted with a motor (inboard/outboard). The regulations require all operators of powered pleasure craft to carry on board at all times proof of operator competency. At this time, everyone born after April 1, 1983 operating a powered pleasure craft, operators of boats under 4 metres and personal watercraft are required to carry onboard proof of competency when underway. By September 15, 2009, all operators of recreational vessels fitted with a motor will be required to carry proof of competency.

Proof of operator competency can be in one of three forms. It can be a certificate issued prior to April 1, 1983, attesting that the individual successfully completed a safe boating course. It can be a Pleasure Craft Operator Card (PCOC) issued after successfully completing the accredited test or it can be the completion of a Rental Boat Safety Checklist.

Age and Horsepower Restrictions for Pleasure Craft

Age & Horsepower Regulations are directed at youth under the age of 16 and prohibit operators from operating pleasure craft above specified horsepower (hp) limits when operating alone. For example, youth under 12 years of age are restricted to operating powerboats of less than 10 hp. Youth between the ages of 12 and under 16 years are restricted to operating powerboat not over 40 hp. They must also have proof of operator competency on board.

The age and horsepower restrictions do not apply if the youth is directly supervised by someone 16 years of age or older. Directly supervised means that the individual is in the boat with the youth and ready to take control.

There are no exceptions for the use of personal watercraft. All operators must be 16 and have proof of competency on board when underway. These restrictions also apply to boat rental operations, below.

Rental of Pleasure Boats

Operators renting out any type of powered boat (regardless of horsepower) are required to have their clients complete a dockside check-list in order to ensure operator competency. Age restrictions also apply to the rental of power boats, as mentioned above.

The rental operator and the person(s) renting the boat are required to sign the checklist to acknowledge it was conducted. The checklist must be completed by all operators that meet the competency requirements i.e. age or length of boat. A new check list must be completed for each rental transaction, even if the same person rents a vessel on more than one occasion.

The dockside check list is designed to ensure knowledge and familiarity with the following key issues;

- use of equipment/operations,
- safety issues such as ensuring each person is outfitted with a properly sized personal flotation device,
- awareness of local hazards/dangers to avoid, e.g., rocks, shallow waters, etc.,
- general boating courtesy.

Rental operators must keep a copy of their completed dockside checklists. These records may be required if a Transport Canada inspection is conducted.

Under these regulations, rental operators of non-motorized boats are not required to complete dockside check-lists although this is seen as good practice and operators are encouraged to carry this out. Operators renting out canoes, kayaks, paddle boats, and the like are, however, required to comply with the Small Vessel Regulations concerning issues such as safety equipment.

Boating Restriction Regulations

Boating restriction laws such as local speed limits, operating restrictions such as no water skiing area or no boating areas apply to all boats. Rental boat operators should be diligent in ensuring clients are aware of any posted restrictions for a specific area. It is also expected that in 2005 that a province wide speed restriction of 10 km per hour within 30 meters of shore will apply to all inland waters. This will not be posted but will be required to be understood by all waterway users.

Alcohol and Boating

Under the Criminal Code of Canada, it is illegal to operate a pleasure craft in Canada while under the influence of alcohol. The transportation of alcohol is governed under provincial regulations. As a general rule, alcohol can only be consumed aboard a pleasure craft that has: permanent sleeping, cooking and toilet facilities and only while the vessel is anchored or secured alongside a dock.

Non-Pleasure Craft

Two Inspection Regimes

Non-Pleasure Craft are inspected in accordance with one of two inspections regimes. Which regime is applicable is dependent on size (gross tonnage) and number of passengers.

Non-pleasure vessels 0-15 gross tons (generally up to 12 M in length) that carry not more than 12 passengers are inspected under the Small Vessel Monitoring and Inspection Program. This program involves an initial inspection, and annual self-inspection. Monitoring and or audit inspections may also take place. A Notice of Inspection will be issued. The Small Commercial Vessel Guide TP (14070, referenced above) is primarily aimed at this group of vessels.

Passenger vessels greater than 15 and up to 150 gross tons, or that carry more than 12 passengers will be inspected annually. Non-passenger vessels may be inspected less frequently. A Certificate of Inspection will be issued; this will be reissued annually or in accordance with the inspection frequency. These vessels are inspected in accordance with the various Regulations and Standards of the Canada Shipping Act.

Inspection Criteria

Each category has specific requirements relating to ship safety (see below).

There are also regulations in place, or under consideration, for Special Purpose Vessels, including amphibious vehicles and river rafting.

For more information, you are referred to the Transport Canada Small Commercial Vessel website, or to the Small Commercial Vessel Safety Guide. If you have specific questions, contact your local Marine Safety office.

Transport Canada Marine Safety inspects non-pleasure vessels, and certifies crew, with respect to the applicable Regulations, and with regard to safety and the environment:

Some aspects you should consider include:

- Vessel Licensing and Registration;
- Vessel Design, Inspection and Certification;
- Lifesaving and Firefighting Equipment;
- Crewing, both Crew Qualifications and Crew Complements.
- Radio requirements
- Vessel operations

An overview of the key issues under each of these follow.

Licensing and Registration

All small commercial vessels not over 15 gross tons, including passenger carrying vessels, are required to be licensed or registered, depending on the preference of the vessel's owner. Vessels over 15 gross tons must be registered, a different process than licensing, with the vessel carrying a name rather than a license number. Most of the forms required for licensing and registration are now available on-line through the Transport Canada Small Commercial Vessel website.

Vessel Design, Inspection and Certification

All passenger vessels must be inspected and certified before entering service by Transport Canada Marine Safety. New vessels may require pre-approval of the proposed design.

Certification requires that vessels conform to a wide range of regulations relating to design, construction materials, stability, mode of power, and a variety of other safety related matters. The certification also includes voyage limitations which specify what regions the vessel may operate in and whether the vessel may operate overnight or same-day excursion trips. The Safety Inspection Certificate or Notice of Inspection must be posted onboard in a conspicuous place for passengers to see. In general, as safety risks increase, so too do the requirements for certification.

The regulations vary by category of waterway on which cruising occurs. Standards increase in ascending order in accordance with the category. The two categories of interest to you are:

- Minor waters - small lakes and rivers, as well as bays and inlets;
- Home trade waters - coastal ocean waters.

Many of the forms required for vessel certification are now available on-line.

Lifesaving and Firefighting Equipment

Transport Canada regulations dictate requirements for lifesaving, fire detection and firefighting equipment. There are four categories of safety equipment that are covered in Canada's Small Vessel Regulations:

- Life saving equipment - first aid kits, life jackets and life rafts
- Vessel safety equipment - such as bailer, paddles, anchors
- Fire safety equipment - including fire extinguishers and fire axes
- Distress alerting equipment - such as flares

In general, the Small Vessel Regulations are applicable to vessels not over 15 gross tons, Transport Canada encourages all mariners to consult these regulations. For those operating ships greater than 15 gross tons, your local Marine Safety Office should be consulted regarding safety requirements for your particular vessel under the Canada Shipping Act.

Crewing

All passenger carrying vessels in excess of 5 gross tons, regardless of the number of passengers, require a certified Master and some large vessels may require a certified Mate and Engineer as well. Crewing requirements for all vessels are noted on page 16 of the Small Commercial Vessel Safety Guide (TP14070) and should be verified by contacting your nearest Transport Canada Marine Safety Office.

Radios and Navigation Equipment

Regulations dictate the carriage requirements for radios, navigation equipment, radar reflectors, charts and other related items. Radio operator training may also be required.

Vessel Operations

All passenger vessels must comply with the Collision regulations in respect to their equipment, and operation. Various other operating procedures, such as safety briefings, emergency procedures, incident reporting, and pollution prevention/reporting requirements, must also be complied with.

Coasting Regulations

The Coasting Regulations under the Coasting Trade Act restrict coasting voyages to Canadian flagged vessels, unless foreign ships have been granted permission after making a formal application for a Coasting Trade License. These are voyages in Canadian waters, between Canadian ports. In waters bordered by the United States, American vessels compete for the same market directly with Canadians, albeit from US ports.

For a vessel to be Canadian flag, it must meet the following requirements:

- It must be built in Canada to Transport Canada standards, or
- If not built in Canada, it must be Canadian duty paid and brought up to Canadian standards.
- It must be owned by Canadian residents and crewed by Canadian residents who have Canadian certificates.

The Marine Liability Act

In August 2001 the Marine Liability Act came into effect. Its purpose is to "consolidate existing marine liability regimes dealing with carriage of goods & passengers, limitation of liability and pollution claims, etc. into one law."

Of particular concern to adventure tourism operators are the proposed Regulations on Passenger Insurance pursuant to the Marine Liability Act (Part IV, sec. 39). Under these proposed regulations, passenger liability coverage would become mandatory for those operating overnight

& day cruise ships, charter vessels and other tourism operators with marine components to their business.

As of winter 2005 these regulations are not in force. Transport Canada is currently working on a discussion paper concerning changes to the Act that should be available to the public in the summer of 2005. The date when the Marine Liability Act will come into effect has not been finalized. The Marine Liability Act is available on-line through the Transport Canada at: www.tc.gc.ca/acts-regulations/GENERAL/M/mla/menu.htm.

Any operators with questions pertaining to the Act are advised to contact their local Transport Canada Office.

In Conclusion

Marine Regulations exist to protect human life and the environment. There are penalties for failure to comply with the applicable regulations. Prior to going into business take time to consider the possible impact of regulations on your business. As an introduction, first consult the Small Commercial Vessel website, then look through the Small Commercial Vessel Safety Guide (TP14070), available online or in hard copy. Finally, contact your local Transport Canada Marine Safety office (at the numbers listed) to have any remaining questions answered, and to arrange an inspection.

Navigable Waters Protection Act

Transport Canada is also responsible for the Navigable Waters Protection Act. If you plan to construct anything in navigable water (e.g. a wharf, boat ramp), you must obtain approval from Transport Canada. The Navigable Waters Protection Act is a federal statute designed to protect the public right of navigation in navigable waters.

Note that approvals for wharves and ramps must also be met at the Provincial level through the Department of Natural Resources if your structure is below the Ordinary High Water Mark and through Environment and Labour for construction in fresh water.

Accommodation Regulations and Licensing

If you are planning to offer any type of fixed roof accommodation (e.g., B&B, Inn, cottages) your property must be inspected and licensed by the Tourism Division, Nova Scotia, Department of Tourism, Culture and Heritage. This also applies if you plan to offer any type of camping, including camping cabins and wilderness camping. If you are using the services of others to provide licensed accommodations or camping to your clients, only your accommodation provider must be licensed.

Consult the Tourism Division early on in the planning process of your business if you intend to offer overnight accommodations or camping to your guests. Check the website (www.gov.ns.ca/dtc/tourism) and follow the links to Inspection and Licensing) for an Accommodation Licensing kit which will include the Tourist Accommodations Act & Regulations. The kit also contains a license application and other pertinent information you will need in planning your accommodation property.

Please refer to the Guide to Starting and Operating an Accommodation Business in Nova Scotia for further information if you plan to offer overnight accommodations, or the Guide to Starting and Operating a Campground Business if you plan to offer camping.

8.2 Other Regulations You Must Consider

Municipal Regulations and Bylaws

One of the first steps in developing an attraction should be to contact your local municipal office and talk to the Development Officer and Building Inspector (often the same person).

Most municipalities assert control of development patterns through their Land Use Bylaws. For example, developing a tourism business on a quiet, narrow street in a residential area may be considered inappropriate because of the vehicle traffic it will generate. You will need to comply with the bylaw's requirements if your project involves changing the use of the land; for example, from a heritage home (a dwelling) to a commercial use. In addition to permitting the development, land use bylaws may also provide for the number of off-street parking spaces required, setbacks from lot lines, size and location of signage, etc. In some heritage areas there may be architectural controls. All municipalities write their own land use bylaws to reflect the concerns of their community, and provisions can vary substantially from one municipality to the next. The Development Officer administers these by laws.

The building inspector ensures that new or renovated buildings meet several standards, the most significant of which is the Nova Scotia Building Code Regulations, part of the Building Code Act and the Fire Prevention Act. A permit is always required for new construction and for major repairs and renovations, and for any structural additions or changes. The building inspector will require that plans be submitted for commercial or public buildings, and these plans must be stamped by an architect or professional engineer licensed in Nova Scotia. The applicant is responsible for submitting copies of the plans to the Fire Marshal's office (see discussion below), although this can sometimes be done through the building inspector's office or your architect may deal directly with the Fire Marshal's office on your behalf.

In addition, the building inspector may require approval from the Department of Transportation and Public Works for the location of any driveways, if your site is adjacent to a provincial highway, and approval from the Department of Environment and Labour if you develop a building that has an on-site well or sewage disposal system (see discussion below).

Municipalities now require professionals (e.g. architects, engineers and appropriate other professionals such as a structural or mechanical engineer) to not only stamp the construction drawings, but also to inspect the construction and to certify compliance with the drawings on completion of the construction. This will need to be done before an occupancy permit will be issued. In fact, the municipality will require the owner of the building to provide a letter of undertaking that they will retain professionals to do these inspections and provide the certification, when they (the owner) applies for the building permit. The municipality will also determine from which professionals (e.g. structural, mechanical or electrical engineer, architect, etc.) inspection and certification is needed. These requirements apply to renovations/additions and new facilities for most buildings, and for all public buildings.

Nova Scotia Power issues permits and conducts inspections under the authority of the Department of Environment and Labour for new or renovated electrical systems in all facilities. An electrical permit is required before any electrical work can be carried out. It is the responsibility of the contracted electrician to obtain the necessary permits and arrange the inspection.

Architects Act and Engineers Act of Nova Scotia

Plans and specifications for public buildings and developments will require professional services, as legislated in the Architects Act and the Engineers Act of Nova Scotia. This means that your design and construction drawings will need to be stamped, i.e. approved, by professionals, as designated in these acts.

Fire Prevention and Fire Safety

Under the Fire and Prevention Act, no one can alter, construct, renovate, or reconstruct buildings intended for public occupancy until approval has also been obtained from the Office of the Fire Marshal. An application must be submitted to the Office of the Fire Marshal for approval, accompanied by building plans and specifications.

It is best to contact the Office of the Fire Marshal (Plans Examiner) during the design process rather than wait until you have completed the design work; in this way, you can make any necessary changes before your plans are finalized.

The Fire Marshal's office will review the building plans and, where necessary give fire safety advice. In general, it takes at least one month for the Fire Marshal to approve building plans for existing buildings. Once the plans are approved, they may not be altered without consent from the Fire Marshal's Office. (It should be mentioned here that the Fire Marshal will not conduct a pre-sale inspection of an existing property.) In the case of new facilities and larger projects, the building plans must be submitted to the Fire Marshal at least two months in advance of the planned start of construction.

Once construction or renovations are completed, the property must be inspected by the Fire Marshal's Office. The Office of the Fire Marshal will conduct this inspection after the local municipality has issued the occupancy permit.

If you plan on offering overnight accommodations or camping to your clients, the Office of the Fire Marshal must be consulted regarding building plans and specifications, construction approval, and inspection. Please refer to the Guide to Starting and Operating An Accommodation Business in Nova Scotia for further information if you plan to offer overnight accommodations.

Department of Environment and Labour

As of October 2000, the Departments of Environment, Labour and a number of other regulatory agencies were combined to become the Nova Scotia Department of Environment and Labour with a mandate that encompasses a wide range of issues around the safety of people and property, a healthy environment, employment rights and consumer interests. The Department has a number of divisions dealing with different areas of interest. Check out their website (www.gov.ns.ca/enla) for an up-to-date list of these divisions and the regulations they handle.

Water and Sewage Systems

The design of water and sewage systems must be approved by the Department of Environment and Labour (Environmental and Natural Areas Management Division) and the Department must be consulted during the planning stage of your business. Inspections and approvals will also be required as these systems are installed.

Water

All water provided to guests from taps, faucets, fountains, or other sources is required to be potable and suitable for human consumption. Approval may be required from the Department of Environment and Labour to construct and operate a water system supplying water to the public.

If the accommodation is located in an area where there is a central municipal water system, then only the appropriate municipal regulations apply and the operator does not need to contact the Department of Environment and Labour for approval.

Note that there are also regulations in place governing the testing and monitoring of public drinking water on a regular basis. Check with the Department of Environment and Labour for regulations that apply to your size of accommodation business.

Sewage System

For properties that are not connected to a municipal sewage system, it will be necessary to obtain an approval to install an on-site sewage disposal system from the Department of Environment and Labour before constructing the facility.

In areas where central municipal sewage disposal systems exist, only municipal regulations apply and the operator does not need to contact the Department of Environment and Labour for approval.

Other Regulations under the Department of Environment and Labour

The Department of Environment and Labour is also responsible for occupational health and safety, public safety, labour standards, as well as the Office of the Fire Marshal. Specific regulations that would likely pertain to an adventure tourism business include:

- Occupational Health and Safety Act that requires employers to adhere to operational and employee safety standards. A brief overview of this Act and the implications for business operations is provided below.
- Labour standards with respect to minimum wage, employee/employer rights, etc. A Fact Sheet providing general information on the Labour Standards Code is published on the Internet at www.gov.ns.ca/enla/labstand/lstcode/ or you can contact the Labour Standards Division of the Department for more information.
- The Pay Equity Act is administered through the Labour Services Division of the Department of Environment and Labour. Pay equity means equal pay for work of equal

value and is a concept that bases wages on the value of work performed, regardless of whether a man or woman is doing the job.

- Indoor Air Quality Regulations;
- First Aid Regulations. There is a Guide to First Aid Regulations available at www.gov.ns.ca/enla/ohs/FirstAidGuide.pdf
- Workplace Hazardous Materials Information [WHMIS] Regulations. A guide to these regulations is available through the Environment and Labour website, Publications section, under Public Safety and Occupational Health and Safety. Note that the Nova Scotia Tourism Human Resource Council offers customized WHMIS training programs for the tourism sector. Check their website at www.tourismhrc.com for details.
- The Steam Boiler and Pressure Vessels Act may apply to the facility depending upon the type and size of any steam boilers or pressure vessels utilized.

The Nova Scotia Occupational Health and Safety Act

The current Occupational Health and Safety Act became law in 1997, with some significant implications for businesses in Nova Scotia. The Act is comprised of some key elements as described below. It is administered by the Occupational Health and Safety Division, Department of Environment and Labour - information, including a "How to Guide" can be found at www.gov.ns.ca/enla/ohs/

The Internal Responsibility System concept is the foundation of the Act and, simply stated, places the responsibility of workplace safety on all workplace parties. Workplace parties are defined as anyone connected with a particular workplace, including Employers, Contractors, Constructors, Employees, the Self-Employed, as well as Owners, Suppliers, Architects, Engineers, and Occupational Health and Safety Consultants. The Act states in some detail what the responsibilities (i.e. duties and precautions) of all workplace parties are.

The Act also provides employees with three basic rights. These are:

- The Right to Know - each employee is entitled to information on issues that affect the health and safety of the employee or that of another person in the workplace;
- The Right to Refuse - employees have the right to refuse unsafe or unhealthy work;
- The Right to Participate - employees can participate on health and safety committees or be an Occupational Health and Safety Representative, report unsafe conditions, and voice their concerns or opinions on any issue that affects their health and safety, or that of the workplace.

The Act states that a business employing five or more people on a regular basis is required to prepare a written Occupational Health and Safety Policy indicating that the employer is committed to occupational health and safety, and that the employer will co-operate with employees in striving to meet the goal of a safer and healthier workplace.

A business employing twenty or more people on a regular basis is required to establish and maintain a written Occupational Health and Safety Program including provisions for:

- The training and supervision of employees;
- The preparation of written work procedures relative to health and safety;
- The establishment of a Joint Occupational Health and Safety Committee or selection of a Health and Safety Representative, where one is required;
- The establishment of a hazard identification program and an accident/incident investigation system;
- The maintenance of records and statistics;
- The monitoring of the implementation and effectiveness of the program.

It is recommended that you obtain a copy of the Occupational Health and Safety Act and any other regulations that may pertain to you.

Other Water-Related Activities

An operator wishing to modify existing water bodies (e.g. redirect a stream), or construct a new water body (e.g. construct a pond), should contact the Department of the Environment and Labour, as approval for such activity may be needed.

Protected Areas

The Department of Environment and Labour, through their Environmental and Natural Areas Management Division, is also responsible for the stewardship and management of Nova Scotia's protected areas. There may be some restrictions on the types of use in these areas or some requirements that you will have to meet if you plan on including a protected area in one of your tours. See the Department's website at www.gov.ns.ca/enla/pareas/ for more information.

Fisheries and Oceans Canada

Fisheries and Oceans Canada is the lead federal government department responsible for developing and implementing policies and programs in support of Canada's interests in oceans and inland waters.

Management of Marine Mammal Populations

Under the Fisheries Act, the Fisheries and Oceans Canada (DFO) is responsible for the management of marine mammal populations and governs regulations pertaining to their protection. The department also has specific guidelines for activities concerning marine life such as whale watching, as contained in the Cetacean Protection Regulations. These regulations address human behaviours which may be disruptive to whales, and prohibit whale harassment in any form.

Many of the DFO guidelines have been adopted by industry (e.g., Bay of Fundy Whale Watching Code of Ethics). There are also specific conservation areas which have been designated for the endangered North American Right Whale which you should avoid.

Department of Natural Resources

Endangered Species

The Committee on the Status of Endangered Wildlife in Canada (COSEWIC; information available at www.cosewic.gc.ca) revises a list of species at risk in Canada annually. In Nova Scotia, there are currently 59 species listed by COSEWIC as being Endangered, Threatened or Special Concern. The Piping Plover, Gaspé Shrew, and Tread-leaved Sundew are a few examples of species at risk in Nova Scotia. Many of the species listed by COSEWIC are then afforded legal protection under the federal Species at Risk Act. You can obtain a list of species currently protected from www.sararegistry.gc.ca/species/schedules_e.cfm?id=1

The Department of Natural Resources governs regulations pertaining to the NS Endangered Species Act. The regulations provide for the protection, designation, and conservation of species at risk in the province, including habitat protection. The act stipulates that no one shall harm, disturb, or interfere with an endangered or threatened species or its nest, den, or shelter.

Land and Water Access

Depending upon where you plan to conduct your adventure tours or outings, you may need to contact the land owners to obtain permission to access these areas. For example, if you are planning a bird watching expedition on crown lands, you should contact your local Department of Natural Resources office for permission. This would also apply if you were planning to conduct outings in provincial parks, reserves, sanctuaries, or other areas under Department of Natural Resources jurisdiction. As well, you should be aware that some Designated Protected Areas and Sanctuaries are restricted from public access, according to the Wilderness Protection Act. However, in some of these protected areas, access is permitted as long as special authorization is obtained. No permission is required to access public lands, such as public beaches, or trails, such as rails-to-trails routes.

To secure access to lands owned by private individuals, you will need to make arrangements with local land owners directly. Failure to do so can result in trespassing charges as well as disgruntled guests. Since much of Nova Scotia's land is privately owned (70%), you are likely to come across this issue. In many cases, the issue of land owner liability is of major concern and may reduce land owner willingness to allow you to access private property. However, you may wish to draft a Memorandum of Understanding with the land owner to detail the terms of your access and agreement on important issues such as responsibility and liability which will help you secure land access.

All water courses (e.g., rivers, lakes) are considered public resources and thus permission is not necessary to access them. However, you may need to secure permission from private land owners to allow for land access to these waterways (e.g., boat launches, kayak entry points). Coastal waters are considered a public resource up to the ordinary high water mark, even if the adjacent land is private property. As noted earlier, you will require Department of Natural Resources approval for any construction that is below the ordinary high water mark.

Competition Act

Under the Competition Act, it is a criminal offence to engage in certain kinds of deceptive marketing practices, including inflating regular price, and conducting misleading or false advertising. The act applies to all businesses in Canada and is enforced by the Competition Bureau of Industry Canada.

Department of Transportation and Public Works

The Department of Transportation and Public Works has a number of regulations that relate to signage for tourism related businesses, including both off-premise signage and on-premise signage.

Off-Premise Signage

Service Symbol Signage

This program includes Tourist Attraction Symbols for minor tourist attractions such as a golf course or wineries (blue and white), as well as motorist service symbols (brown and white or green and white) for services that are essential to motorists such as gas stations, accommodations, and restaurants. Service Symbol Signs are for 100 series highways only and businesses must be located near a 100 series highway to be eligible. These Service Symbols are placed at the bottom of the green exit signs, and again at the end of the ramp off the highway, and there is no charge to operators. Businesses are responsible for signage after the end of the ramp.

Other Policies for Off-Premise Business Signage on Provincial Roads

There are no provincial policies in place as of winter 2005 regarding the placement of advertising signage within the right-of-ways of secondary roads. Business operators are advised to contact their local municipality regarding policies for advertising signage along public roadways. Business operators should adopt a neighbour-friendly approach and seek permission of abutting landowners before placing any signs, as well as taking measures to avoid blocking existing traffic signage or impede sight-distances. Business operators are also discouraged from placing any advertising signage on utility poles as it presents safety issues for service and maintenance personnel.

There are likely to be municipal regulations that govern off-premise business signage - contact your local municipality for details.

On-Premise Signage

Tourism operators wishing to place signs on their own premises should contact their local municipality for guidelines and regulations. As with other types of signs, operators should adopt a neighbour-friendly approach and consult with abutting landowners before placing of any signs.

For businesses located adjacent to provincial roads, there are regulations that apply to on-premise signage. Signs can only advertise business that is conducted on the premises; any new signs have to go either within 10 m of the main entrance point to the property (e.g. parking lot) or not further than 100 m from the main entrance to the building. Signs must be set back a minimum of 10 metres from the right of way for controlled access highways. Signs can be no larger than 28

square metres in area if there is only one business; if there is more than one business operating in the premises, the signs can be up to 51 square metres in size.

As with all regulations, those respecting on and off premise signage may change from time to time. You should check with the Department of Transportation and Public Works for up-to-date regulations affecting your business and the type of highway on which you are located.

Driveways and Entrances

The Department of Transportation and Public Works also has to approve the driveway/entrance to your property if you are on a provincial highway. This involves consideration of sight lines and speed limits. Contact your regional office of Transportation and Public Works for information.

8.3 Serving Food and Liquor

Serving Food

Although there are no specific regulations governing food served in conjunction with adventure tourism trips, the Nova Scotia Department of Agriculture and Fisheries recommends the following guidelines be adhered to;

- All foods served should be purchased from government approved sources;
- All meats served should have been either provincially or federally inspected; and
- Any person preparing food should attend a food handlers training course sponsored by the Nova Scotia Department of Agriculture and Marketing.

If you are planning to include a canteen or other food service element associated with your adventure tourism operation, you will be required to adhere to the Regulations Respecting Eating Establishments. These regulations require you to obtain a Food Establishment Permit from the Department of Agriculture and Fisheries. They will be concerned with such matters as eating establishment design and layout, equipment, food preparation, maintenance, and sanitary facilities. After approval is granted, an operating permit will be issued. This permit must be renewed annually - the Department will send out a renewal notice..

Contact the Department of Agriculture and Fisheries (www.gov.ns.ca/nsaf/) to apply for a Food Establishment Permit.

Serving Liquor

As an adventure tourism operator, you are not eligible for a liquor license from the Nova Scotia Alcohol and Gaming Authority and are therefore not permitted to sell or serve alcohol to your clients, unless you have a licensed establishment association with your business, e.g. licensed restaurant.

8.4 Personal Information Protection and Electronic Documents Act

In January 2004, the federal government implemented the Personal Information Protection and Electronic Documents Act (PIPED). This piece of legislation is applicable to all organizations,

including all private sector businesses and outlines the responsibilities of an organization relating to personal information collected and stored through the course of normal business activities.

The primary purpose of the Act is to ensure that the privacy of individual consumers is respected in that any personal information, including that relating to age, name, income, social status and credit records; is used for legitimate commercial purposes only and is stored or maintained in a secure fashion.

Following is a basic overview of PIPED:

- If your business wants to collect, use or disclose personal information about people, you need their consent, except in a few specific and limited circumstances.
- You can use or disclose people's personal information only for the purpose for which they gave consent.
- Even with consent, you have to limit collection, use and disclosure to purposes that a reasonable person would consider appropriate under the circumstances.
- Individuals have the right to see the personal information that your business holds about them, and to correct any inaccuracies.
- There's oversight, through the Privacy Commissioner of Canada, to ensure that the law is respected, and redress if people's rights are violated.

It is recommended that organizations develop in-house policies and procedures relating to the retention of personal information. Many businesses have now taken steps to include their privacy policy in their company literature and have it prominently displayed on company brochures, websites, etc.

The Office of the Privacy Commissioner has an online guide to PIPED and a number of fact sheets for businesses available through their website, which can be viewed at <http://www.privcom.gc.ca>; or by contacting the Office of the Privacy Commissioner of Canada at 1-800-282-1376.

8.5 Insurance

The question of insurance is very important for adventure tourism operators. The various types of insurance you may require are discussed below.

Property or Fire Protection Insurance

Property insurance is the most basic form of insurance and protects your property and buildings (e.g., sales and administration office, ticket booth) in case of fire. This type of insurance is usually required by your lender in order to secure a mortgage for your property.

Equipment Coverage

Equipment coverage is insurance to protect the equipment of your business, including equipment used for your trips (e.g., camping equipment, canoes, kayaks), maintenance equipment, etc.

Basic Cruise Vessel and Vehicle Insurance

Vehicle insurance covers you in the event of vehicle damage, bodily injury and/or property damage resulting from an accident. Normally, a vehicle is insured based on the make and model of the vehicle, and the vehicle's value.

If you own (not charter) the boats or vehicles you use in your adventure business, you are required by law to hold valid vehicle insurance for each vehicle. This type of insurance is the same type required for your car, under the jurisdiction of the Registry of Motor Vehicles. If you don't own your own boats or vehicles, but rather charter or hire them out, you are not responsible for the vehicle insurance – the company you charter from is. Note that the Nova Scotia Utility Review Board has requirements for insurance – these were described earlier.

General Liability Insurance

General Liability coverage is insurance for claims against your business for bodily injury and/or property damage that may arise out of your operations and for which you are legally liable.

Professional Liability Insurance

Also known as Errors & Omissions or Malpractice insurance, Professional Liability Insurance protects your company from claims arising out of a negligent act or an error of omission in the professional service given by your company and/or your employees.

Professional liability insurance is required in order to protect yourself and your company from financial loss in the event of a claim. All types of adventure tourism operators should hold professional liability insurance, regardless of whether they operate the tours wholly themselves or contract out segments of their trips to others e.g., charter vehicles, contract out guides. Although your suppliers and charterers may have their own insurance coverage, your company could be held liable in the event of a claim against a supplier.

A full program of insurance will cover you for the liability of vehicles and equipment you own, as well as to non-owned or hired vehicles you charter such as vans or boats.

Talk to an insurance agent who has experience in providing insurance for the adventure tourism sector about the types of insurance you should carry. In addition, membership organizations such as the Tourism Industry Association of Nova Scotia (TIANS), the Tourism Industry Association of Canada (TIAC) and the Nova Scotia Adventure Tourism Association may be able to help you access insurance at lower rates than you would be able to get on your own.

Disclaimers and Waivers

Another method of limiting liability is to publish a disclaimer on your brochures and itineraries. A disclaimer, which should be fair and equitable to consumers in order to be recognized by the courts, is a clause used to notify consumers of conditions which are out of its control. For example, a whale watching operator may want to make a disclaimer indicating that whale sightings are not guaranteed. Similarly, adventure operators who utilize the services of suppliers (e.g., hotels, restaurants) use disclaimers to notify consumers that they are not liable for the acts of these suppliers. If this disclaimer is not made, you may be made liable for the acts of your suppliers.

The clause cannot disclaim liability for your own company's negligence.

Waivers, on the other hand, "can provide a legal defence to claims that arise out of your activities. Even where the accident arises out of your negligence, a properly worded waiver can assist you in defending a claim made against you"⁵. Waivers typically state that the participant recognizes and accepts that there are inherent risks and dangers involved in the adventure activity/trip. It also indicates that the consumer assumes all risks arising from their participation in the activity and releases the operator from all claims including those arising from the operator's own negligence. "The wording of a waiver form is critical to its effectiveness in assisting the defence of claims. Every word is important and appropriate legal and risk management consultant advice at the outset"⁶ is critical.

Customers are commonly asked to read and sign the waiver, in front of a witness, before commencing the trip. In some cases, adventure tourism operators take this further by providing their waiver forms to clients several weeks in advance to strengthen their position with respect to liability.

You should seek legal counsel to design a disclaimer and waiver suitable to your business. Your insurance company may also have some advice in this respect.

8.6 Taxes

Harmonized Sales Tax

The Harmonized Sales Tax (HST) is a 15% value-added tax which replaces the former retail sales tax and GST in Nova Scotia. The provinces of New Brunswick and Newfoundland also utilize the HST.

You must be aware of the difference between the HST and GST if you operate adventure trips or tours outside of Nova Scotia. For example, the HST applies to trips operated in Nova Scotia, as well as those trip components in New Brunswick and Newfoundland. In all other provinces, the GST applies to these trip components. If you are operating adventure trips strictly in Nova Scotia, only the HST applies.

All adventure tourism operators are required to register for and collect the HST/GST on adventure tour products and services if their total sales revenues exceed \$30,000 per year.

If you are registered to collect the HST, all elements of your business are taxable, including the rental of equipment, sale of pre-packaged or prepared meals and beverages, and all components of packages and tours. Further, if you operate a gift shop or eating establishment as part of your business, these items are also taxable if you are registered to collect the HST/GST.

As an adventure tour operator, you pay HST or GST when you buy individual travel services – airline seats, inn and hotel rooms, transportation, etc. – and charge HST or GST on the adventure tour packages and services you sell to consumers. You can claim a credit (called an input tax

⁵ Canadian Tourism Commission, Risk Management and Insurance Guide For the Adventure, Ecotourism and Alpine Skiing Industries, 2001 page 16

⁶ Ibid, page 16

credit) to recover the HST/GST you were charged on the cost of these individual travel services. For example, when you purchase accommodation to resell as part of an adventure tour package, you can recover the HST/GST you paid on the accommodation by claiming an input tax credit on your HST/GST return.

When you register for the HST/GST you are given a reporting schedule to follow for your HST/GST returns, depending on the volume of your adventure tour business. When you complete your return, you deduct all your input tax credits from the HST or GST you charged on your sales. You are required to remit the difference if the HST or GST you collect is more than your credits; if your credits exceed your payables, you claim a HST/GST refund.

For adventure tourism operators, goods and services that are HST/GST taxable include:

- Accommodation;
- Camping fees;
- Restaurant meals;
- Admissions to attractions;
- Domestic transportation by van, motorcoach, bus, train, ship, or aircraft;
- Travel agents' commissions;
- Cancellation fees.

The type of tax that applies (i.e., HST or GST) to these elements depends upon which jurisdiction the adventure tour is operating in.

Goods and services that are zero-rated for adventure tour operators (things that are subject to the HST/GST but at a rate of zero or in effect no tax) include international travel (e.g. air travel from Europe to Nova Scotia).

Goods and services that are completely exempt from the HST/GST include:

- Municipal transit services;
- Ferries transporting passengers and motor vehicles;
- Highway/bridge tolls;
- Most health and insurance services.

If you operate a small adventure tour business which earns annual sales revenues under \$30,000, you are not required to charge HST/GST. However, you may wish to voluntarily register for and collect the HST/GST. The advantage of doing this is that you can claim input tax credits to recover the HST/GST you paid for expenses and purchases used for the business.

If you need to collect HST/GST, you must first register for the HST/GST with the Canada Revenue Agency.

Contact Canada Revenue Agency either in person, via phone (1-800-959-5525), by mail or through the on-line business registry at <http://bsa.cbasc.org/gol/bsa/site.nsf/en/index.html> and follow the appropriate links for an HST Registration Form.

HST Rebates to Non-resident Visitors

HST may be rebated to non-resident (i.e., non-Canadian) visitors and tour operators with non-resident clients purchasing your trips. You should consult with the Canada Revenue Agency directly for details on this program and how it applies to your adventure tourism operation. (This program is described under Tax Refund for Non-Resident Travel Organizers and Foreign Conventions - RC4160).

Employment Taxes

As an employer, you are responsible for deducting income tax, Canada Pension Plan (CPP) contributions, and Employment Insurance (EI) premiums from the wages and salaries you pay your employees. You are also responsible for remitting these amounts on a monthly basis to the Receiver General for Canada, along with your share of CPP contributions and EI premiums that you pay throughout the year on your employees' behalf. You are also required to report these amounts on an annual information return and prepare annual T4 information slips for your employees.

The Canada Revenue Agency is responsible for ensuring these requirements are met. The department handles enforcement and some collection activities related to payroll deductions, prepares the Payroll Deduction Tables used by employers for calculating deductions, and determines employee insurable earnings for Employment Insurance and pensionable employment for the Canada Pension Plan.

Contact your local Canada Revenue Agency office for more information and a New Employer kit.

Nova Scotia Workers' Compensation

Under the Nova Scotia Workers' Compensation Act, various industries are mandated to pay for compensation coverage to protect employees from income loss and medical expenses resulting from job-related injuries. Under the Act, you are required to pay a premium based on the dollar value of wages you pay your employees, unless you employ less than three employees. (If you employ three employees or less, you are exempt from this regulation.)

Contact the Nova Scotia Workers' Compensation Board (www.wcb.ns.ca) for additional information regarding regulations, the specific premiums applicable to you and a copy of the registration form.

Corporate Income Tax

Corporations

If your business is federally or provincially incorporated, you must file a corporate income tax return. This requirement also applies to incorporated not-for-profit organizations.

Be sure to file your corporate income tax return within six months of the end of the taxation year. The taxation year of a corporation coincides with its fiscal year. The services of an accountant are recommended in completing your income tax return as financial statements are required to be

attached to the T-2 Corporate Return. You can obtain a copy of the T2 Corporation Income Tax Guide and schedules from the Canada Revenue Agency (CRA).

Corporations are required to pay monthly installments to cover Corporation Income Tax in the 2nd year of operation and all following years if their federal taxes exceed \$1,000.

Sole Proprietorships and Partnerships

The income from a sole proprietorship or partnership is accounted for on the personal income tax of the individual proprietor or partner. Your taxable income is essentially your business income minus any eligible business deductions. A separate Partnership return is required if there are more than five partners in the partnership.

For additional information or Income Tax forms, check the Business Section of CRA's website (www.cra-arc.gc.ca) or contact them by phone at 1-800-595-5525.

Business Occupancy Tax

Occupancy tax is an annual municipal tax that is administered and collected by your local municipality. The tax is charged on nearly all commercial buildings in Nova Scotia, and is applied at a fixed percentage based on the assessed value of a building, taking into consideration the commercial value of the building (based on the value of the building and its rent per square foot), and the assessment rate which applies to a particular type of business. The provincial Assessment Division (Service Nova Scotia and Municipal Relations) is responsible for determining the assessment value of your property for occupancy tax purposes.

There are plans to introduce legislation in the Spring of 2005 to eliminate the Business Occupancy Tax in Nova Scotia.

Contact your local municipal tax office or the Assessment Division of Service Nova Scotia and Municipal Relations with enquiries regarding occupancy tax.

8.7 Registration of Companies

Provincial Business Registration

All business owners are required to register the name of their business, although the manner of doing this varies depending on the type of business structure established. Appendix V provides comments on different types of business structures and the advantages and disadvantages of each. The Nova Scotia Business Registry is now available on line at www.gov.ns.ca/snsmr/nsbr/.

Partnerships and Sole Proprietorships

The Partnership and Business Names Registration Act, administered by the Nova Scotia Registry of Joint Stock Companies, requires the registration of sole proprietorships and partnerships in the province.

If a partnership has two or more partners, the partnership must appoint a recognized agent who is a resident of Nova Scotia. One of the partners may be the agent.

An annual registration fee is charged. The registration year runs from April 1 to the following March 31. In addition, there is a charge for conducting a NUANS (Newly Updated Automated Name Search) to verify that your business name is not already being used by another business in Atlantic Canada. A NUANS search may be ordered through the Registry of Joint Stock Companies, Access Nova Scotia, or a private research house.

The registered name of the partnership or sole proprietorship will be protected and no identical or similar name will be permitted in Nova Scotia.

For further information, contact the Registry of Joint Stock Companies at www.gov.ns.ca/snsmr/rjsc/.

Corporations

Corporations are required to be registered in Nova Scotia under the Corporations Registration Act. If you wish to establish a Nova Scotia corporation, the first step is to request a NUANS of your corporate name to verify that it is not already being used in Atlantic Canada. A fee is required for each NUANS request. Incorporated companies are required to include the corporate designation Limited or Incorporated as the last word in the business name.

Once your business name and incorporation has been approved, you are required to pay an annual fee to register the business in Nova Scotia. The registered name of your corporation will be protected and no identical or similar name will be permitted in Nova Scotia. Every incorporated business must appoint a recognized agent who is the person that receives official correspondence. This Agent does not have to be a lawyer but he/she must reside in Nova Scotia.

All business registrations can be completed on line through the Nova Scotia Business Registry (www.gov.ns.ca/snsmr/nsbr), via phone (1-800-225-8227) or in person at any Access Nova Scotia location.

Federal Business Registration

Partnerships and Sole Proprietorships

There is no partnership and sole proprietorship business registration at the federal level. Businesses wishing to operate in more than one province must be provincially registered in each province in which they wish to conduct business.

Canada Corporations

If you are considering incorporation, you have the option of being incorporated at the Federal level under the Canada Business Corporations Act (CBCA). This replaces the need for provincial incorporation.

Federal incorporation is often chosen for the heightened name protection it provides and may be particularly useful to you if you plan to carry on business in more than one province. Location flexibility is another advantage of federal incorporation. For example, the CBCA does not set restrictions regarding the province where your head office is located. However, you may still be required to register with provinces where extra-provincial operations will be carried out. For

Nova Scotia, this can be done at the same time as your Federal incorporation is completed on-line.

As with provincial corporate registration, you are required to have a name search conducted (NUANS) and pay an annual corporate registration fee. Your business must be registered to do business in Nova Scotia, even if it is a federal corporation.

Contact Corporations Canada (www.corporationscanada.ic.gc.ca), or the Canada/Nova Scotia Business Service Centre for incorporation and registration information.

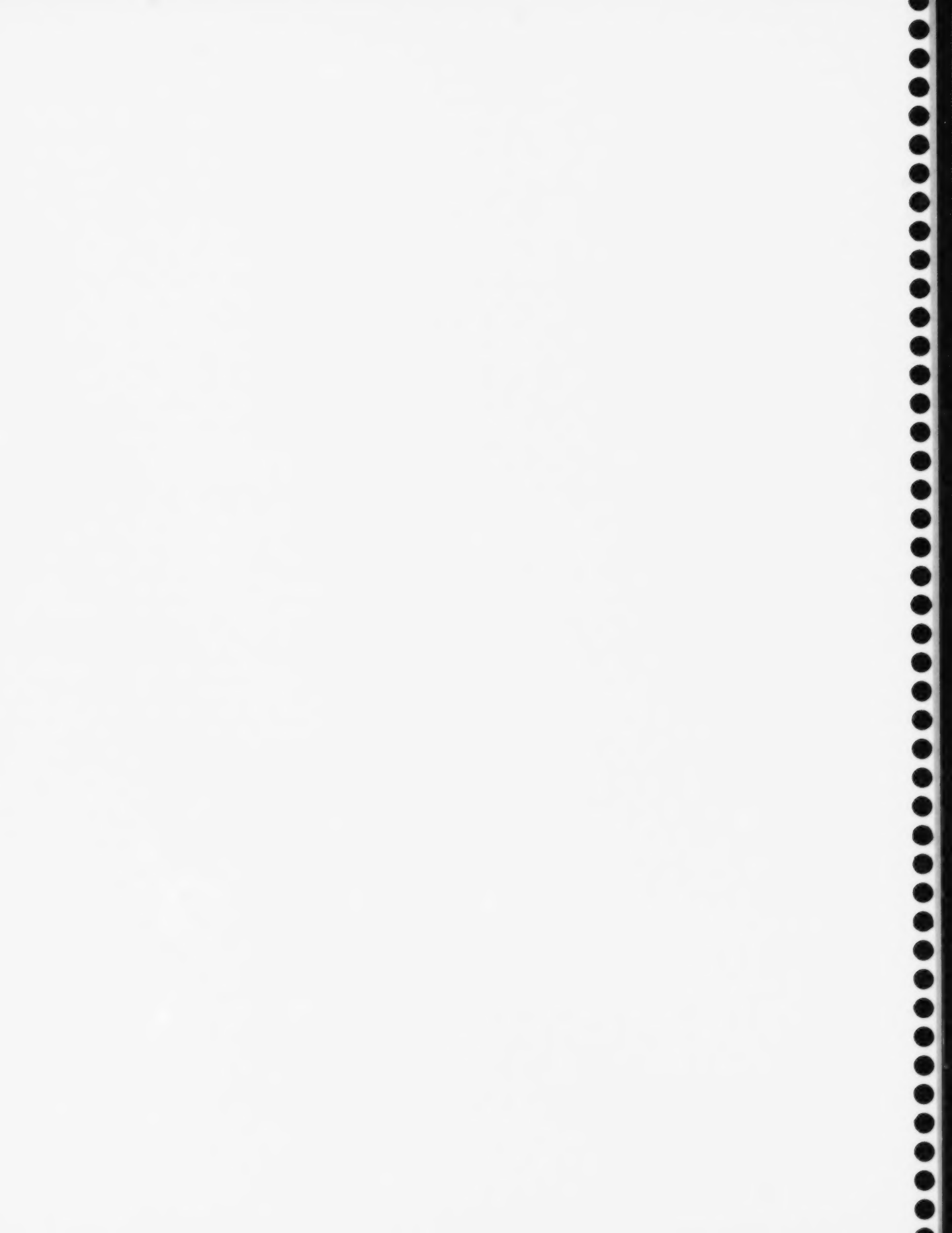
Business Number Registration

The federal government business numbering system, or BN, is a numbering system designed to simplify the way businesses deal with government. When you start a business and open one or more Canada Revenue Agency (CRA) business accounts (e.g., corporate income tax account, payroll deductions account, or harmonized sales tax /goods and services tax (HST/GST) account), you will automatically be assigned a unique Business Number which identifies you and the various accounts you have. This streamlined system allots your business one number only with which to deal with the federal government, replacing the multiple numbers that businesses required in the past. You can register for a BN on line at www.cra-rc.gc.ca/business.

Businesses that register for the BN will obtain one-stop business services from the Canada Revenue Agency, including new business registration, adding new accounts, updating account information, and account enquiries.

In most cases, new corporations will automatically receive a BN from CRA within 45 days of incorporating at the federal or provincial level. Contact CRA if you need to have a Business Number issued to you before this time.

Contact the Canada Revenue Agency for a copy of the registration application form and guide or register on line. You may also register by phone, in person, by mail, or by fax. (If you are a corporation, your company must be registered and you must also provide a copy of your Certificate of Incorporation to be registered for a Business Number.)



SECTION 9

Operations



SECTION 9

OPERATIONS

You have so far developed a concept and strategic plan for the business, assessed its feasibility, and planned the product, based on a full appreciation of the marketplace and the competition. You have also established the business organization and arranged its financing. This section presents suggestions and guidelines for operating the business.

9.1 Season of Operation

One of the challenges confronting Nova Scotia's tourism industry is its seasonality. The province is more fortunate than many regions of Canada in that it enjoys a long tourism season which extends well into the fall and the season has been lengthening in recent years. However, it is still a challenge to maintain sufficient business volumes and high enough rates throughout a major portion of the year. This is particularly difficult for adventure tourism operators who have more limited operating seasons because of the outdoor nature of their activities and their reliance on suitable weather and climatic conditions.

However, it is important that the business be able to cater to a combination of markets which, together, have significant potential to sustain the business throughout more than one season, and preferably for several seasons. These should be markets which don't require heavily discounted rates to attract them to your trips. For example, you could target more of a local/resident market for shoulder-season trips, rent your equipment when not in use, and develop a year-round base of trip experiences including such things as cross country skiing or snowshoeing trips in the winter.

Determining your season of operation will help you determine your staff needs and scheduling, training needs, needs for arrangements with suppliers, etc.

9.2 Organization

You will need to figure out your management requirements. Even though you may be a small business, you will have to cover various areas of management including:

- General management: banking, planning, budgeting, overall supervision of each area of operation below;
- Marketing: advertising, sales, group sales, promotions, co-op and contra activities, market research;
- Sales administration: reservations, billings, liaison with group clients;
- Financial control and accounting: bookkeeping, management reports, tax remittances, payroll, collections, and purchasing;
- Personnel: staff hiring and training;
- Operations: staff scheduling, supervision, quality control, problem solving, liaison with facilities and services involved in your trips, and equipment cleaning and maintenance.

You may need to manage each of these functions yourself or with a partner. Remember to keep the management team small, at least initially; you can always add more people if you really need them, but it is much harder to downsize if you have too many.

9.3 Staffing

As mentioned earlier in this manual, the skills and knowledge of your guides, as well as their ability to provide genuine service and good quality interpretation to your clients, will have a large impact on your company's credibility and its reputation. For the adventure tourism sector, the importance of excellent guides cannot be over emphasized. Today's markets are affluent and well travelled, and look to your guides for expert service, knowledge, and ability. In fact, it is often the quality of the guide that clients feel makes the experience, and this fosters positive word of mouth advertising and repeat visits.

Hiring Tips

The following is a list of hiring tips which can be applied to hiring guides during business start-up or to hiring seasonal or replacement staff.

- Develop job descriptions and qualification requirements that will meet the needs of your operation, based on the occupational standards for each occupation, and licensing requirements where appropriate.
- Advertise for staff in local media; check out the Nova Scotia Tourism Human Resource Council on-line job board (www.novascotiaturismtalent.com); contact the nearest Human Resources Centre of Canada; contact placement offices of public or private training institutions offering programs in tourism or hospitality; post notices on local community bulletin boards. To the extent possible, look for applicants who are Certified under the merit Standards and Certification program described in the next section.
- Screen applications and develop a short list of qualified candidates for interviewing.
- Interview applicants. It is recommended that the same list of questions be asked all applicants, and that consistent criteria be used in your evaluations. This will help you to make sound hiring decisions.
- Select final candidates for positions required. Ask for and always check references. The middle of the season is no time to discover that a staff member's poor performance had been experienced by a previous employer.
- Make the job offer. At this time, clarify roles and responsibilities, training opportunities for staff, performance expectations, remuneration and benefits, terms of employment for the season, etc. For example, if you require your staff to be flexible (e.g., a tour may need to be cancelled due to inclement weather or inadequate sales), make sure they are aware of these potential situations upon hiring.

9.4 emerit Standards and Certification

Nova Scotia's Tourism Human Resource Council is a partner with the Canadian Tourism Human Resource Council in the development of National Occupational Standards and manages the process for Nova Scotia. Standards and Certification are being developed for occupations in all sectors of the tourism industry, and standards currently exist for 49 occupations. Certification is available for 25 of these occupations.

Standards are statements outlining the attitude, knowledge and skills required of an individual in order to be considered competent in an occupation. Standards clarify expectations and can be used to design consistent training, education and professional development programs. The Standards development process involves the sharing of expertise from industry professionals who perform the job, as well as their supervisors who are recruited to develop the content of the Standards.

Certification is the recognition of an individual's competency in his or her occupation. National Certification is a three-step process involving a written examination, performance review and industry evaluation. It is voluntary, candidate driven and designed to be completed on the job. Professionals who achieve National Certification will be recognized across the country for meeting industry requirements in their selected occupation. The candidate must be employed in the occupation and must have achieved a minimum number of hours of work experience (the number of hours varies depending on the occupation), prior to completing Certification.

Flexible learning options for the industry now allow new entrants to gain a solid foundation while experienced and knowledgeable candidates can challenge the option that best suits their needs. What each candidate learns is credited towards future learning - creating recognition of prior learning and allowing candidates to move towards the pinnacle - emerit National Certification - at their own pace.

Learners can select the best option for them:

- Standards/Workbook study
- Online Learning
- Study selected modules to enhance performance of specific skills
- Challenge full certification

The development of Standards and the implementation of Certification is having various positive impacts on the tourism industry, as follows:

- Enhancing the image of tourism occupations;
- Enhancing human resource management skills in the tourism industry;
- Providing practical, realistic training programs for tourism occupations;
- Raising the overall level of professionalism in the industry.

More details on Standards and Certification, and a listing of the occupations for which standards have been developed can be found at www.emerit.ca and in Appendix VI. Additional information on human resource tools and certification can be obtained from the Nova Scotia Tourism Human Resource Council.

For an adventure tourism business, the relevant standards currently available are:

- Tourism Small Business Operator
- Outdoor Adventure Guide
- Local Tour Guide
- Heritage Interpreter

For occupations for which Occupational Performance Standards are available, training should be based on these standards, and Certification should be a goal for all employees.

First Aid and CPR Certification

As an adventure tourism operator, you should be certified in first aid and CPR, and ensure your staff and guides are also certified. First aid training is available through St. John Ambulance and the Red Cross, as well as through industry-specific training courses which address first aid. You may also want to ensure your staff are certified in wilderness emergency preparedness; organizations which offer wilderness first aid certification include St. John Ambulance and Wilderness First Aid International. The Nova Scotia Office of Health Promotion (Sport and Recreation) also offers an Outdoor Leadership Course which addresses emergencies in wilderness settings.

9.5 Training

It is vital to recognize the benefits of guide and staff training in the adventure tourism industry. Training is not only an investment. It is an essential component of providing a safe, enriching, quality adventure tourism experience.

Being a highly trained operator and having highly trained guides is the best guarantee of safety for both your clients and your guides. Ensuring that your guides and customer service staff are quality service providers who are capable of delivering both the technical aspects of the activity and personal service in a professional and hospitable manner will also enhance repeat business and promote word of mouth advertising.

The benefits of training in an adventure tourism operation are as follows:

- Outlines performance expectations;
- Improves quality of performance;
- Enhances clients' experiences;
- Ensures safety;
- Provides credibility in the marketplace;
- Provides a competitive edge;
- Improves sales;
- Reduces staff turnover;
- Improves staff morale;
- Strengthens legal positioning and can reduce liability.

Staff training can take the form of on-the-job training or job shadowing, or formal training, on or off site. As an adventure tourism operator, you should undertake both types so that service oriented skills such as interpretation and customer service are developed in tandem with technical skills in safety, equipment use, first aid, guiding, etc. Some operators use an apprenticeship program whereby a new guide assists the guide leader on trips and develops on-the-job training in the areas of guiding, customer service, interpretation and story telling skills, natural history, etc.

A good orientation program is a priority for all staff at the beginning of each season, particularly for the first year of startup. You should also provide refresher training to experienced staff and guides; there is always room for improvement and in developing more refined skills.

An orientation program should include the following elements;

- Provide information about the company, e.g., mission statement, organizational purpose, policies and procedures, and service standards;
- Tour office facilities and at least some in-the-field destination areas;
- Experience using equipment;
- Introduce staff to co-workers;
- Complete employment documentation, including such things as guide contracts, if appropriate.

Customer service training programs (one or two-day) have also been shown to be beneficial to staff; and holding a pre-season seminar on customer service will help motivate staff as they prepare for upcoming adventure trips. Remember, the experience your guide provides your clients will either "make or break" their trip!

Guest service programs (one or two day) have been shown to be beneficial to staff; and holding a pre-season seminar on guest service will help motivate staff as they prepare for the busy season. SuperHost Atlantic - Expect Excellence! is a frontline program offered throughout the province.

SuperHost Atlantic - Expect Excellence! is an internationally recognized Quality Customer Service Training Program that focuses on communication and customer service. This seven hour interactive workshop examines attitudes to service and interactions with customers. The program is suitable for any business that deals with customers and is an inspiration for commitment to service excellence. Information on SuperHost can be accessed through the Nova Scotia Tourism Human Resource Council (www.tourismhrc.com). The NSTHRC also offers a number of other customer service training programs including Service 1st - Making the Connection!, Team Excellence, Stress Management, Workplace Etiquette, Sales Powered by Service and Managing Service Excellence, as well as a host of other programs.

You could develop and deliver your own training sessions or hire an outside consultant or training organization to do it for you. Training resource materials can be found through the Regional Tourism Association or the Nova Scotia Tourism Human Resource Council.

Guide Training

Guides should be highly skilled experts in the outdoor activity, and should also be skilled in all secondary and support activities such as equipment use and care, food preparation, and transportation requirements. Training and certification in emergency response including first aid, CPR, rescue procedures, etc. is also extremely important. For some activities, e.g. scuba diving, professional certification is also essential. Guides must also possess common sense and good judgement, and be able to handle a myriad of different problems and situations.

Several other characteristics you should look for in guides include:

- Having a high degree of professionalism and an ability to be a group leader;

- Having expert level of skills and personal experience in the activity, e.g., hiking, canoeing, scuba diving, bird watching;
- Possessing an engaging personality, a good sense of humour and imagination, and a strong ability to communicate and work with a variety of different people of different cultures, educational backgrounds, affluence, etc.
- Having an aptitude for providing instruction to clients (i.e., on equipment use, safety procedures);
- Having a high degree of self-initiative;
- Being willing and able to handle difficult or problematic situations;
- Being flexible and adaptable to cater to the needs of the business and the needs of customers;
- Having excellent interpretive skills and story telling abilities;
- Being able to read navigational and contour maps and make appropriate decisions based on weather reports;
- Having emergency outdoor, survival, and first aid skills;
- Having an awareness of environmental issues including resource impacts, appropriate uses, etc.
- Being able to follow safety procedures and comply with pertinent legislation.

The Outdoor Adventure Guide standards validated and used by the industry in Nova Scotia outline the skill and knowledge areas for achieving competency as an outdoor adventure guide. You can develop in-house training for your guides, using these standards as guidelines. Contact the Nova Scotia Tourism Human Resource Council for details. The standards can also be used to develop job descriptions and policies specific to your adventure tourism operation.

Some Training Tips

- During training exercises, your staff should be made aware of the necessity for catering to the individual needs of your clients and always improving their guiding and interpretation skills.
- As mentioned earlier, job shadowing with an experienced guide is an effective way for new staff to understand the requirements of the job as well as your expectations, e.g., the company approach to guiding, how to interpret in an interesting yet informative manner.
- Familiarization or product-knowledge tours focussing on the areas covered in your adventure trips can be done in groups prior to the season's start up. All staff should participate in this type of exercise so that they will all be familiar with the characteristics of the destination areas and be able to lead tours there.

- Instill in your guides the importance of developing a wealth of knowledge regarding natural history, biology, botany, and local culture and heritage in order to provide a top quality interpretive program.
- Encourage staff to use story telling, humour and local colourful language during interpretation. Clients want to experience the culture and flavour of the province, region or local area. Tasteful jokes, history, and legends add variety to a guide's interpretation program.

Activity Expertise

Product expertise means being a highly trained expert in the adventure activity. All guides must be professionals in their area of expertise. For example, if you are offering canoeing expeditions, your guides must be expert canoeists and able to train clients in all aspects of equipment use, safety, techniques, etc. If you are offering hiking trips, your guides should be very experienced hikers, physically capable of handling the most challenging of routes you may offer. Your clients will rely on your guides for their expert ability.

If activity specific certification is available for your adventure activity, ensure your guides are certified. For some activities, certification is a necessity. For example, for scuba diving, you must have a professional level of certification in order to teach diving to your guests or to guide diving trips. Diving certification is available through PADI (Professional Association of Diving Instructors), and NAUI (National Association of Underwater Instructors).

Product Knowledge

Product knowledge is necessary to provide accurate interpretation during the adventure trip and in answering enquiries from clients. The interpretive program used during an adventure trip should include the presentation of facts and information pertinent to the tour itself, including such things as:

- Nature interpretation (e.g., identification of wildlife and plants, interpretation of wildlife behaviour, biological facts);
- Natural history, including geology and topography;
- Cultural/ethnic influences, for example: aboriginal, European, African, current make-up;
- Past and contemporary distinctive local people, colourful characters, cultural traditions;
- Heritage and local history, including events of significance;
- Mythology, legends, folklore, interesting stories and anecdotes;
- Local attractions;
- Natural environment, e.g., climate;
- Local and regional economy;
- Population;
- Transportation modes and their history;
- Archaeology (i.e., land-based or marine archaeology such as ship wrecks);
- Local hazards.

You should develop a Personal File for each guide which includes this type of information. Include such things as key facts on the features and characteristics of the area or region, including such things as unique topographical features, rare flora, good wildlife viewing areas, and other pertinent information where needed, e.g., interpreting the Bay of Fundy and the influence of the moon on tides. The personal file should provide your guides with a base of knowledge from

which to develop their interpretation program, along with information that will enable them to answer pertinent questions.

Developing and updating a Personal File can do the following things for your guides:

- Improve the narrative and the interpretive style of your guides;
- Increase their knowledge base;
- Facilitate the exchange of information with other staff and with clients;
- Accommodate different interests and levels of understanding;
- Increase self-confidence;
- Aid professional development.

The contents of the personal files for guides should be developed by management, and provided to each of your guides. This ensures that consistent information is provided to guests from all staff.

Sources of information for putting together the personal files include:

- Resource books on nature, history, and culture, e.g., Birds of Nova Scotia, Flora of Nova Scotia, Deportation of the Acadians;
- Websites for the province, for different areas and from Nova Scotia Museum
- Activity guides such as Hiking Nova Scotia, Sea Kayaking in Nova Scotia;
- Maps;
- Media and publications, e.g., visitors' guides, pamphlets, magazines;
- Tourism industry associations including regional tourism industry associations;
- Educational institutions (e.g., Dalhousie and Acadia University's recreation program, Mount Saint Vincent's tourism program);
- Public libraries and archives;
- Nova Scotia museums;
- Visitor information centres, Chambers of Commerce;
- Government departments;
- Courses, seminars, such as the Outdoor Leadership course offered by the Nova Scotia Sport and Recreation Commission (addresses nature interpretation, wilderness ethics, effective leadership, etc.);
- Content experts, e.g., biologist, geologist, naturalist;
- Personal travel experience;
- Local contacts, e.g., key knowledgeable residents, story tellers.
- Employee handbook.

Equipment Use

Training in the proper and safe use of adventure equipment is also paramount in your operation. You will need to train your guides in:

- Equipment use;
- Equipment capacity;
- Maintenance, including cleaning and repair;
- Safety procedures;
- Support equipment, e.g., personal flotation devices, trail riding saddles, scuba diving gear;

- Ensuring clients are outfitted with equipment that fits properly and is appropriate to their abilities, e.g., appropriate paddle size;
- Ensuring backup equipment is available.

In order to minimize the problems associated with unexpected equipment failure, you should also train your guides in the following safety measures:

- Conduct regular checks of equipment to ensure main and ancillary equipment are in good state of repair, are properly stored and maintained, and are being used according to manufacturer's instructions (e.g., maximum capacity);
- Be able to identify when equipment is showing signs of weakness and should be replaced or repaired;
- Ensure safety backup equipment is in working order.

Client Training

Training is also necessary to ensure your clients follow safety procedures. You must provide pre-trip training to your clients to make them aware of risks and hazards and how to avoid them, and educate them on safety measures such as equipment handling procedures and contingency plans. Your clients rely on you and your guides to provide this information and to ensure compliance; a single client who ignores safety procedures can result in unnecessary accidents and bodily harm.

For adventure activities which occur in hazardous settings, such as scuba diving, it is particularly important that clients receive an educated briefing regarding hazards and risks. In such cases, it is also necessary to ascertain that the client is capable and skilled in the activity; in the case of scuba diving, for example, the client must be a certified diver in order to go on a trip.

9.6 Pricing

The pricing of an adventure tourism product can be influenced by a variety of factors, including competition, market share desired, market expectations, and product positioning. It is also very important that the price be perceived by your market to be equal in value to the quality of the experience. However, even more important, your price should be sufficient to recover all variable (operating) and fixed (overhead) costs, including trip expenses, administration, marketing (including discounts and commissions), and trip operations, and make a contribution to profit.

There are a variety of methods of pricing an adventure tourism product, the more common of which are;

- **Intuitive:** The "gut feel" approach. This method is often practised by small- and medium-size businesses, but there are no advantages to it. How do you know if you have set your prices too low or too high?
- **Competitive:** Based on what your competitors are charging. This approach gives no consideration to the operating and financial realities of your business. Do you know if your competitors are making money?
- **Trial and Error:** Prices are intentionally varied over time to see what revenues they generate. The price/volume combination that produces the highest profit is eventually identified.

However, there are many factors other than price that affect volume and they will reduce the reliability of this approach.

- **Target Pricing:** This is a cost-based pricing method. Your projections of expenses and demand are used to set a rate that will generate the revenue and return on investment you are targeting.
- **Discount Pricing:** This is a partial pricing method; a process designed to help you make the short-term pricing decisions that may sometimes be necessary to attract business in slower periods.

Generally speaking, the best approach is to use the target pricing method as the basic method, and modify the results with the competitive method.

Whatever pricing method you follow, you should keep in mind the following rules:

- Make sure you know the costs of supplying each of your products and services;
- Make sure you know the impact of price and cost changes on your sales and profits;
- Follow your competitors only if you stand to increase your profits;
- Never discount your prices below your variable costs;
- Check your pricing decisions against your customers' reactions, not just against your own judgement;
- Never gouge your customers.

You should review your pricing periodically against your operating results and budgets and make decisions about any changes to your prices. Don't forget that you will have to work out different prices for adults, children, seniors, etc.

Exhibit 7 presents a series of worksheets to assist you in determining the pricing of a multi-day adventure tourism product and Exhibit 8 provides a worksheet for a part-day adventure experience. You can use these worksheets to help you detail your variable expenses and fixed expenses, as well as your overhead expenses, and "gross up" your total costs to cover commissions and a margin for profit.

Pricing a Multi-Day Adventure Product

Exhibit 7 shows a sample pricing calculation for a 3-day coastal hiking and whale watching package, including the following key features;

- 2 nights accommodation in a country inn
- Breakfast and dinner each day (for 2 days)
- Picnic lunch each day (for 2 days)
- Guided hiking
- Whale watching excursion
- Guest lecture
- Guide
- Van transportation
- Ground transfer and baggage handling
- All gratuities and taxes

(Please note that these costs are only presented for illustration purposes and do not reflect actual costs for any particular business.)

EXHIBIT 7

PRICING WORKSHEET - VARIABLE COSTS

PACKAGE: 2 night/3 day Inn-based Coastal Hiking and Whale Watching Package									
DAY: 1 of 3 PAGE: 1									
PACKAGE COSTS	Retail Value Per Unit	Net Cost Per Unit	Net Cost Per Person	Seasonal Discounts			Discount/Supplements Per Person		
				Shoulder	Off Season	Other	Seniors	Children	3rd Person Single Supplement Group
VARIABLE COSTS									
1. Accommodations*	\$75.00	\$55.00	\$27.50	15% / \$23.38	25% / \$ 20.63	-----	10%	n/c	\$27.50 20%
2. (a) Breakfast			-----						
(b) Lunch			-----						
(c) Dinner			-----						
3. Attraction/Activity			-----						
4. Attraction/Activity			-----						
5. Ground Transfer			\$15.00						
6. Baggage Handling (50¢ per bag)			\$1.00						
7. Gratuities			\$2.00						
8. Other									
9. Other									
10. Other									
TOTAL VARIABLE COSTS			\$45.50	\$41.38	\$38.63				

* Divide the Room Cost by the Number of People per Room.

EXHIBIT 7 continued

PRICING WORKSHEET — FIXED COSTS (GROUP FEATURES OF PACKAGE ONLY)

PACKAGE: 2 night/3 day Inn-based Coastal Hiking and Whale Watching Package						DAY: 1 of 3	PAGE: 2
PACKAGE COSTS	Total Cost	Cost Per Day	Allocated Cost Per Person (8 passengers)	Load Factor Gross Up	Grossed Up Cost Per Person	Seasonal Discounts	
						Shoulder	Off Season
FIXED COSTS PER DAY							
Motorcoach/Van							
Driver							
Guide		\$50.00	50 / 8 = \$6.25				
Other							
Other							
Other							
Other							
Other							
Other							
TOTAL FIXED COSTS		\$50.00	\$6.25	0.7	\$8.93		

Note: No fixed costs for group events on Day 1, therefore nothing is entered on this sheet for Day 1.

EXHIBIT 7 continued

PRICING WORKSHEET - VARIABLE COSTS

PACKAGE: 2 night/3 day Inn-based Coastal Hiking and Whale Watching Package										
DAY: 2 of 3 PAGE: 3										
PACKAGE COSTS	Retail Value Per Unit	Net Cost Per Unit	Net Cost Per Person	Seasonal Discounts			Discount/Supplements Per Person			
				Shoulder	Off Season	Other	Seniors	Children	3rd Person	Single Supplement
VARIABLE COSTS										
1. Accommodations*	\$75.00	\$55.00	\$27.50	15% /\$23.38	25% / \$ 20.63	-----	10%	n/c	\$10.00	\$27.50 20%
2. (a) Breakfast			\$7.50	-----	-----	-----	-----	-----	-----	10%
(b) Lunch			-----							
(c) Dinner			\$15.00	-----	-----	-----	-----	-----	-----	10%
3. Attraction/Activity										
4. Attraction/Activity										
5. Ground Transfer			-----							
6. Baggage Handling (50¢ per bag)			\$1.00							
7. Gratuities			\$2.00							
8. Other										
9. Other										
10. Other										
TOTAL VARIABLE COSTS			\$53.00	\$48.88	\$46.13					

* Divide the Room Cost by the Number of People per Room.

EXHIBIT 7 continued

PRICING WORKSHEET — FIXED COSTS (GROUP FEATURES OF PACKAGE ONLY)

PACKAGE: 2 night/3 day Inn-based Coastal Hiking and Whale Watching Package									
PACKAGE COSTS		Total Cost	Cost Per Day	Allocated Cost Per Person	Load Factor Gross Up	Grossed Up Cost Per Person	Seasonal Discounts		
							Shoulder	Off Season	Other
FIXED COSTS PER DAY									
Motorcoach/Van			\$80.00	80 / 8 = \$10					
Driver/Guide			\$100.00	100 / 8 = \$12.50					
Escort									
Second Guide									
Other: Fuel			\$25.00	25 / 8 = \$3.12					
Other:									
Other: Picnic Lunch			\$60.00	60 / 8 = \$7.50					
Other: Guest Lecture			\$50.00	50 / 8 = \$6.25					
Other: Guide meals			\$20.00	20 / 8 = \$2.50					
Other: Guide accommodations			\$55.00	55 / 8 = \$6.88					
TOTAL FIXED COSTS			\$390.00	\$48.75	0.70	\$69.64			

Note: Fixed costs are divided by 8, because for this package the target number of customers is 8.

EXHIBIT 7 continued

PRICING WORKSHEET - VARIABLE COSTS

PACKAGE: 2 night/3 day Inn-based Coastal Hiking and Whale Watching Package									
DAY: 3 of 3 PAGE: 5									
PACKAGE COSTS	Retail Value Per Unit	Net Cost Per Unit	Net Cost Per Person	Seasonal Discounts			Discount/Supplements Per Person		
				Shoulder	Off Season	Other	Seniors	Children	3rd Person Single Supplement Group
VARIABLE COSTS									
1. Accommodations*	****	****	****	****	****	****	****	****	****
2. (a) Breakfast			\$7.50	****	****	****	****	****	10%
(b) Lunch			****						
(c) Dinner			****						
3. Attraction/Activity: Whale Watching			\$35.00	****	****	****	\$31.50	\$18.00	\$30.00
4. Attraction/Activity									
5. Ground Transfer									
6. Baggage Handling (50¢ per bag)			\$1.00						
7. Gratuities			\$1.75						
8. Other									
9. Other									
10. Other									
TOTAL VARIABLE COSTS			\$45.25						

* Divide the Room Cost by the Number of People per Room.

EXHIBIT 7 continued

PRICING WORKSHEET — FIXED COSTS (GROUP FEATURES OF PACKAGES ONLY)

PACKAGE: 2 night/3 day Inn-based Coastal Hiking and Whale Watching Package									
DAY: 3 of 3 PAGE: 6									
PACKAGE COSTS	Total Cost	Cost Per Day	Allocated Cost Per Person	Load Factor Gross Up	Grossed Up Cost Per Person	Seasonal Discounts			
						Shoulder	Off Season	Other	
FIXED COSTS PER DAY									
Motorcoach/Van		\$80.00	80 / 8 = \$10						
Driver/Guide		\$100.00	100 / 8 = \$12.50						
Other: Fuel		\$25.00	25 / 8 - \$3.12						
Other:									
Other: Picnic Lunch		\$60.00	60 / 8 = \$7.50						
Other: Guide meals		\$20.00	20 / 8 = \$2.50						
Other:									
Other:									
TOTAL FIXED COSTS		\$285.00	\$35.63	0.70	\$50.90				

EXHIBIT 7 continued

PRICING WORKSHEET - OVERHEAD COSTS AND GROSS-UP

PACKAGE: 2 night/3 day Inn-based Coastal Hiking and Whale Watching Package				OVERHEAD, MARKETING, & MARKUPS			PAGE: 7
	Cost Allocation Per Day (3 days)	Cost Allocation Per Tour	Allocated Cost Per Person	Load Factor Gross Up	Grossed Up Cost Per Person	Seasonal Discounts	
						Shoulder	Off Season
							Other
Subtotal - Variable and Fixed Costs					\$273.22		
OVERHEAD ALLOCATION							
Marketing		\$300.00	300 / 8 = \$37.50				
Other Overhead		\$150.00	150 / 8 = \$18.75				
TOTAL OVERHEAD COSTS			\$56.25	0.70	\$80.36		
TOTAL VARIABLE, FIXED & OVERHEAD COSTS (ALL DAYS)					\$353.58		
Gross Up Factor for Profit					(7%)		
Gross Up Factor for Commissions/Discounts*					(4%)		
AVERAGE RETAIL PRICE **					\$396.03		
TOTAL AVERAGE RETAIL PRICE FOR THE PACKAGE					\$399.00		

Notes: *Net commissions calculated as follows:

75% of Packages to be sold retail @ 0% commission
 15% of packages to be sold via Travel Agents @ 10% commission
 10% of packages to be sold via tour operators @ 25% commission
 Net Commissions:
 = 0.0%
 = 1.5%
 = 2.5%
 4.0%

*Calculation of Average Retail Price: Divide \$353.58 "Total Costs" by 0.93 and then again by .95 for gross ups needed to cover 7% profit and 4% net commissions, to give you \$396.03. The basic average retail price is established from this.

Here are the steps to follow.

Step 1: Calculate Total Variable Costs per Person

The first page of the worksheet presents the calculation of variable costs per person; in other words, costs that are attached to a specific customer. For an adventure tour/package, these costs may include such things as the costs of any accommodation (usually one-half the double occupancy rate, if the rate is based upon two persons per room), meals, and attraction admissions included in the price of the tour/package. The intent is to reduce all costs to a net cost to you, per person. Any savings or supplements for different seasons or customer characteristics should be noted in the right-hand columns. These can be used later to help calculate variable prices for different types of customers. Don't forget details like taxes, baggage handling, and gratuities.

Step 2: Calculate Fixed Costs per Person

The second page of the exhibit presents the calculation of fixed costs per tour/package event, that is, costs which are constant regardless of the number of customers on the tour/package but which would not normally be incurred if the tour does not operate. These include such things as costs associated with operating a van or cruise boat, for example, along with wages for guides, drivers, etc. It would also include costs for special group activities, such as a guest lecturer as provided in our example.

This analysis will apply only to packages in which groups of people will participate together. Completely independent packages need to have all costs assessed on a per person basis and treated in the fashion described in Step 1.

Fixed costs must be allocated first to the day, then the tour, then reduced to a per person number, based on the capacity of the tour. You then have to gross up the cost per person to account for your average expected load factor, which will be less than your tour capacity.

To do this, first add together the fixed costs for a specific departure or package date, then divide the total fixed costs by, say 60% to 80% of the number of people expected to buy the package, depending on your level of confidence in generating sales. By using a percentage less than 100, you reduce the risk of loss caused by lower-than-expected package sales, and you increase the chances for extra profit if the package is a success.

For example, if you're using an 8-passenger van, you might use an average load factor of 70% which would give you an average of 5.6 persons per tour. In this instance, you would divide the cost per person of capacity by 0.70 to give your grossed up cost per person. Again, adjustments for seasonal and other variances should be noted. (Refer to Exhibit 7, page 2 of 7).

If there is significant uncertainty as to the numbers of customers on given dates, it may be necessary to use a lower percentage, of say 60%. Remember, however, that using a lower percentage will increase the price. If, on the other hand, you have had success with this or another similar package, you may be able to increase the percentage to more in the order of 80%.

The first and second pages of the worksheets are repeated for each day of the tour. In our example, the package is three days so we have a series of worksheets to calculate the variable and fixed costs for each of the three days (therefore totalling six sheets).

Step 3: Calculate the Share of Marketing and Overhead Costs on a Per Person Basis

The last page, page 7 of the exhibit, presents the calculation of overhead costs per tour. In this case, the costs are annual costs associated with operating the tour/packaging program as a whole and are not directly associated with a particular tour departure. Based on the expected number of tours/packages per year, you will allocate these annual costs to each tour program, then to each tour departure, then to each person. (For a low overall demand period, it is appropriate to allocate a lower level of these costs to be able to offer a real savings to customers, while still earning a reasonable contribution towards these costs.)

In addition to operating costs, you also want to allocate an allowance for capital-related costs such as asset replacement allowance, financing costs, targeted profits, etc. Again, you have to gross up for the expected average load factor on that tour. You may also choose to adjust the overhead allocation for shoulder and off season tours, particularly if you intend to discount the prices of these tours.

Calculate the package's marketing and share of overhead costs, and then (as in Step 2), divide by 60% to 80% of the total number of customers expected. (In the illustration we have used 70%).

In this instance, the costs are to be amortized over all of the dates/departures for the package, or the packaging program as a whole.

Step 4: Calculate Total Costs on a Per Person Basis

Total costs per person per tour/package are derived on the last page of the worksheets (page 7).

Add together the per person costs calculated in steps 1, 2 and 3, to arrive at a total net package cost per person. The net cost per person (the sum of the variable, fixed and overhead costs) will then be grossed up again (in step 5, below) to provide an allowance for travel agent commissions and discounts for groups and the travel trade, as well as a margin for profit. This will give you the average price to charge for the trip, per person.

You can derive your seasonal variances and your adjustments for particular types of customers and for groups by totalling the right-hand columns, which will give you suggested variances based on differences in cost. This information is only a guideline, since you may want to vary these prices on additional variables as well, such as the need to promote slow periods or a desire to encourage families.

Step 5: Mark-up Total Costs to Cover Commissions and Provide a Profit

Mark up the total per person costs to provide an allowance for travel agent commissions and discounts for groups and the travel trade, as well as a margin for profit.

Commission/discount margins will vary depending on how the product is to be sold. If it is to be sold directly to consumers, you may not need a margin for commissions. However, if you are going to sell through travel agents, you will have to provide for a commission of 10% or more. Tour operators will need a margin of 20% - 25% or more. Some normal commission levels are presented in Exhibit 10 in Section 10.

If a mix of commissionable and discounted bookings, or a mix of commissionable/discounted and full price business is expected, you will need to calculate a weighted average commission/discount allowance, based on the proportion of sales.

For example, in the illustration we have estimated that 75% of packages will be sold retail (e.g., direct to the consumer, with no commissions), 15% will be sold via travel agents, and the remaining 10% will be sold by tour operators. These percentages are then used to calculate the weighted average net commission/discount allowance for the package.

Profit margins on the package should probably be in the 5% to 15% range. This can vary depending on the objectives for the package and the season. If the package is being developed to build business in slow periods, then a lower percentage might be appropriate compared to that for a high season, where you want to maintain a healthy profit margin. (In the example, we have used a profit margin of 7%.)

To calculate the retail price, divide the Total Costs (Sum of Variable, Fixed and Overhead Costs) by a gross up factor to cover your net commissions and profit margin. In the example, we have divided the Total Costs of the package by 0.89 to account for a gross up of 11% needed to cover the 4% net commission/discount allowance and 7% profit margin.

This will give you the average target retail price of your adventure package.

Step 6: Calculate Selling Prices for a Full Range of Customers

To calculate your selling prices for the full range of your customers, you have to adjust your total package price per person, so that you can offer rates for singles, third and fourth persons sharing accommodations, children, people travelling off-season, retired mature travellers, group bookings, and so on.

Your average price calculation from step 5 is the starting point. You then want to establish a set of prices that, on average, will give you this average. For example, the regular adult price will be higher than the average price, while rates for children, seniors, and the off-season will likely be lower.

Appropriate reductions and extra charges will have to be negotiated with all component suppliers, and these should be taken into account when calculating your range of selling prices.

It will be important to establish a range of prices that, on average, based on the expected mix of business, provides you with the average price targeted in Step 5.

The acid test of package pricing is whether the customer will be able to buy the package for less than the aggregate retail value of the included elements and services, which is a fundamental requirement, since consumers expect to accomplish savings by buying a package. This means that you have to cover all of the marketing and overhead costs, as well as the commissions/discounts and profit margin, within the discounts obtained from the various suppliers involved, and still pass on a saving. This is a significant challenge, and will require a dedicated effort to accomplish it.

Pricing a One-Day or Part-Day Adventure Product

Exhibit 8 follows a similar process for a one-day or part-day experience, but is much simpler. Note that the last part of this chart is used to summarize pricing for several different adventure experiences.

9.7 Budgeting and Review⁷

You should always develop an annual budget for the operation of your business. There are several methods you can use, as described below.

Zero-Based Budgeting

Zero-based budgeting is also known as bottom-up budgeting because one builds the budget from scratch. Activity by activity is addressed, reassessed, examined, and justified. Each of the elements of the operation is examined separately. Budgets are then assigned to each activity. In this way, a cost-benefit analysis is built into the budgeting process.

Percentage of Sales Budgeting

A method long used to establish many elements of budgets is the percentage of sales method. This is a much cruder technique and should be used primarily for cost of sales items, such as for retail merchandise or food and beverage. The percentage of gross sales for various cost items is usually based on historical data and/or industry norms.

This method of budgeting is relatively easy and doesn't require a lot of "input." On the down side, however, are more than enough problems to place the percentage concept into some disrepute. Industry averages can be misleading. Different companies do their accounting in different ways, and all businesses are different to varying degrees, and who is to say whether the average performance of other businesses is a good yardstick to measure your own business? This is particularly true in the adventure tourism sector since these types of businesses are frequently quite different from one another.

Which to Use?

You should use the zero-based budgeting approach other than for limited areas of your budget such as the cost of goods sold. You will need to have solid information and/or previous operating experience on which to base your budgeting using this approach. If you are starting from scratch in developing your business, you may end up using the percentage of sales approach to provide you with some "ball-park" figures. Subsequently, you should build on your experience to develop your budgets using the zero-based method.

⁷ This material was adapted from the Nova Scotia HUB and SPOKE Tourism Marketing Seminar Manual, prepared for the Nova Scotia Tourism RITC by The Economic Planning Group and Hospitality Marketing, 1989/90.

EXHIBIT 8
PRICING WORKSHEET FOR A ONE DAY
OR PART DAY ADVENTURE EXPERIENCE

--VARIABLE AND FIXED COSTS--

OPERATING COSTS PER ADVENTURE EXPERIENCE		Formula	Net Cost Per Adventure Sold
VARIABLE COSTS		incremental costs per day per person on the adventure	
Meals		food and beverage cost per person	
Equipment		equipment cost per person	
Other Supplies		cost per person	
Other		cost per person	
Subtotal: Variable Costs			
ALLOCATION OF FIXED COSTS		total daily costs allocated per person per experience	
Guide (if a guided tour)		"	
Motorcoach/Van (if required)		"	
Other		"	
Subtotal: Fixed Costs			
TOTAL VARIABLE AND FIXED COSTS			

EXHIBIT 8 continued

-- OVERHEAD COSTS AND GROSS-UP --

OVERHEAD, MARKETING, MARKUPS				
	Total Cost Allocation Per Day	Allocated Cost Per Adventure Sold	Utilization Factor Gross Up	Grossed Up Cost Per Adventure Sold
Total Variable and Fixed Costs Carried Forward from page 1				(A)
OVERHEAD ALLOCATION				
Marketing				
Other Overhead (Including all charges against revenue, taxes, interest and principal payments)				
TOTAL OVERHEAD COSTS				(B)
TOTAL ALL COSTS				(A) + (B)
Gross Up Factor for Profit				
Gross Up Factor for Commissions/Discounts				
RETAIL PRICE PER PERSON FOR THE ADVENTURE EXPERIENCE (Average)				

EXHIBIT 8 continued

--PRICING WORKSHEET - VARIABLE PRICES FOR DIFFERENT PRODUCTS AND DIFFERENT CUSTOMERS --

[illegible]

The percentage of sales budget data does have another value as a management tool. It can provide you with a set of measures you can use to evaluate the performance of your business against other similar businesses in your industry.

Whatever the case, you should do a budget on an annual basis, at least, and since you are most likely to be a seasonal business, you should do a budget for your operating season and another for the rest of the year.

You must review your actual revenues and expenses against the budget on a regular basis and take corrective action where necessary. Also, make sure you amend your budget if your actual experience suggests that adjustments are warranted.

Financial management and business text books can provide you with details on preparing and monitoring your budget and provide worksheets to assist you.

9.8 Business Systems

You will need a variety of business systems to operate your adventure tourism business, including such things as:

- A toll-free number, year-round for information and reservations;
- A reservations system;
- A billing and collection procedure;
- A bookkeeping system, including periodic reports/summaries on revenues, expenses, payables, receivables, bank balance, etc.;
- Banking arrangements;
- Procedures for cash control;
- A registration system or log recording customers on hand, arrival and departure dates, special instructions, etc.

You can spend money and acquire professional systems, many of which are available in computer software, or you can set up basic manual systems. Get some advice from your accountant or banker.

9.9 Reservations

A reservations system will be very important to you, whether you operate same-day trips and equipment rentals, or multi-day adventure excursions. However, if all your business comes from transient, non-group customers, you probably wouldn't need a reservations system. For example, if one tour departure is full, customers can be sold tickets for a later departure.

However, a reservations system is essential if you offer multi-day excursions. For these sorts of trips, you will need to have a good handle on your bookings so that you can coordinate deposit fees, know how much capacity you have left on each tour and work out the logistics with each customer regarding their expectations, physical abilities, pre-trip information needs, etc. Without a reservations system of some type, this would be impossible.

There are a variety of reservation methods you can utilize. A basic, manual system can consist of a loose leaf binder, with a page for each scheduled tour departure, organized by date. You can

then record reservations and cancellations and control your advance bookings against available capacity. You may want to start with this approach in the early years of your operation, when you are getting the business established.

Some operators also use a bulletin board scheduling system to note departure dates, bookings, etc. With a bulletin board, all of your trips are laid out for you and you can quickly see which trips are full, which trips still have space available etc.

There are software systems that can do this and also link the reservation system into your billing system, which is very helpful. With today's relatively cheap computers and affordable software systems, you would be well advised to look into what's available. Talk to other adventure tourism operators for ideas and recommendations.

9.10 *Banking*

Talk to several different banks to find one that is supportive of your efforts. Some managers take a helpful approach to small business people, while others do not. Pick one who understands your business concept and is supportive.

You can greatly facilitate your banking relationship by meeting with the manager once a year to keep him or her informed about your business and your plans for the future. A good time to visit is when you have your new annual financial statement ready. Walk them through the results and explain what has changed and why. While they may not necessarily care about the specifics of what you're saying, it is very important that they see that you are on top of the business, committed to its future, etc. The psychology is just as important as the substance. Bankers like to feel that you are taking care of their investment.

If cash flow problems arise from time to time, as they may, meet with the bank to keep them informed about what's happening and what you're doing about it. Nothing makes a banker more nervous than a silent client whose bank account is constantly at its credit limit. On the other hand, if the bank manager believes you are making an effort to keep him or her informed, the bank will be much more cooperative in helping you through difficult periods.



SECTION 10

Marketing

SECTION 10

MARKETING

10.1 Introduction

Your marketing plan is the basis for your marketing efforts and a tool for monitoring the progress you are achieving. It is generally written annually. Traditionally, the marketing plan is prepared in conjunction with your overall financial planning and budgeting.

The plan might be written by the owner, manager, or marketing manager if you have one. However, it should never be prepared in isolation – a good plan requires the support and counsel of key people in your business. You may find it useful to review the *Guide to Marketing Your Nova Scotia Tourism Business* that is one of this series of publications since it provides much more detailed information and tools on developing and implementing your marketing plan.

When you are starting up your business, the marketing plan is a crucial element in your overall planning process – without marketing, you will have no customers. Frequently in small businesses, marketing tends to get overlooked or to be given a lower priority when there are other, apparently more vital demands for available start-up funds. However, marketing must be given a high priority; and developing a good marketing plan is the essential first step.

This section discusses the basics of how to develop your marketing plan and introduces some of the key marketing methods and tools. It also suggests how to use these techniques, when dealing both with consumer markets and the travel trade.

Developing a Marketing Plan

Your marketing plan should contain several elements, as described below.

Business Assessment

An assessment of your situation – the current status of the market, the competitive environment, trends – including all of the things discussed earlier in sections on preparing a strategic plan and feasibility assessment.

Marketing Objectives

With the assessment completed, develop a clear statement of objectives - sales volume (number of tours sold, number of clients etc.), total revenues and profit for which you are striving.

Marketing Strategy

This is your overall approach to achieving your marketing objectives. It should include a Positioning Statement – what is the adventure tourism product(s), who is it for, and how is it different from what the competition is offering?

It should also include a definition of your target markets – each of the market segments you wish to attract. And you must also decide how you are going to attract them.

As described earlier, your major markets as an adventure tourism operator could be people already travelling in Nova Scotia, residents of the province or persons with a particular interest in the type of experience you are offering and who select Nova Scotia specifically to take your trip, or some combination of the above.

If you are offering a part-day adventure experience, it is most likely that a significant part of your market will be comprised of the first of these market segments. It is also quite possible that they will not make a decision to take your tour until they are in the province or even in your area. As such, there is only a limited return in your marketing directly to travellers who are not already in the province except for advertising in provincial/regional publications that are sent out to people thinking of visiting the province – more about that later. Your marketing strategy should focus on attracting visitors who are already in your community, region or elsewhere in the province, to take part in your adventure.

On the other hand, if you are offering a multi-day experience which is the main purpose of the trip to Nova Scotia, the decision to take the trip will, in most cases, be made before your customer leaves home. Therefore, your marketing to this segment has to focus on prospects outside the province.

If your business involves working with the travel trade to deliver group adventure experiences, then you will need a strategy that involves marketing to the travel trade, as well as to the individual consumer.

And if your business involves a mix of part-day, multi-day and group experiences booked through the travel trade, you will need a strategy that covers all of these market segments.

Measurement/Evaluation

Your marketing plan should also identify tracking measures for all of your major marketing programs. Taken together, the results of your evaluations will give you an effective means of comparing the results of your marketing activities against the objectives you set for them, and against one another. Various evaluation measures are identified later in this section.

10.2 Marketing to Consumers

Website and Internet-based Marketing

The Internet has triggered a complete revolution in how companies market themselves, and this is particularly the case with tourism companies. Even the smallest enterprise can reach out to the world via the Internet. While marketing expertise and budgets still make a big difference in marketing effectiveness, these are no longer the absolute determinants of how broadly and far a

company can reach in promoting itself. Even a simple website can be accessed worldwide. The playing field has been considerably leveled for companies large and small.

The big differences today are not in having an Internet presence; rather they are in a) your ability to attract prospects to your website and b) the quality of the website itself in terms of ease of navigating within it and its effectiveness in generating sales.

Internet marketing refers to all forms of marketing associated with the Internet, including websites, website links, database marketing, relationship marketing, web-based advertising and web-based tour operators. We will introduce you to each of them in this section.

Website

The use of a website along with Internet-based e-marketing have exploded onto the scene and today have become a fundamental and central component of most tourism businesses marketing. In fact, many businesses are using their other marketing to drive prospects to their website and some are relying exclusively on their website to market their business.

Early websites were simply electronic brochures people could view on the Internet. Today, many websites are much more sophisticated and provide a number of helpful functions for the user, all of them designed to make it easier and more compelling to buy the products on offer. In the text to follow we summarize the basics involved, and also describe the more sophisticated functions possible today.

URL

This is the address of your website. (URL stands for 'Uniform Resource Locator', which is not particularly helpful to know.) But having an easy-to-remember URL, or 'domain name', is important. Here are a couple of other important points:

- Your website needs to be a 'real' website, not part of a 'referred' site, such as those offered by Sympatico and other Internet 'portals', in which your web pages are embodied within their website. Search engines will no longer recognize your content if it is part of a referred site. (Problems with spam have forced the search engines to impose this limitation on referred sites.
- Use the name of your business in your URL to ensure it will be picked up by the search engine when someone is searching for your website by business name.
- We recommend you use several different URLs having likely names for your product, all connected to your website, again to optimize access.

It is important to realize that you need to have your own Internet address, which makes your web pages into a 'website' accessible directly via the Internet through search engines. Just having web pages on someone else's site does not accomplish this. People won't find your content without going to the hosting portal website first, which is not what you want.

We are not suggesting you not list on a portal website, not at all, we are simply suggesting that you also need your own separate website, and that any listing on a portal also include a direct hyperlink to your website.

Website Design

The basic website is much like a traditional brochure but with more information available through the use of user-selected topics from a sidebar menu on each page. Lure information is displayed in text and pictures, while more detailed information is accessed via the menu bar. Common topics include who we are, our history, our products and services and how to contact us.

We strongly suggest you also include lure information on your destination area; its attractions and appeals, things to do and see. You first have to sell the destination, then your particular product.

More sophisticated websites offer more customized information based on different user-defined variables, along with such things as a trip planning function, online booking capability and so on. Here are the kinds of features that are becoming increasingly common with tourism websites:

- Downloadable brochure in PDF format
- Customized presentation of information by user-defined factors - their interests, where they live, their language, demographic profile (age, income), the intended season of travel, their previous trip/purchase.
- Different pages for different target audiences, such as individual travellers, tour operators, the media. Separate URLs can also be used to facilitate people in these market segments being led directly to the portion of the site of particular interest to them.
- User opt-in registration for more information - newsletters, contests, offers, promotions
- Trip planning functions, with suggested itineraries and packages, and also do-it-yourself itineraries and packages. A print-ready mini guide of your itinerary/package can be downloaded and/or printed out. In some cases the user can also register and use an ID to revisit and revise his/her earlier itinerary.
- A booking/buying engine to enable website visitors to book directly online
- Inbound email capability for site visitors to use to send a query to the company
- Features to improve the ease of navigation within the website, including, in addition to a basic sidebar menu, things like:
 - 'first page approach' (no scrolling down required),
 - different entry points to the site based on the user-defined factors, such as their country of residence, language, etc.,
 - site map
 - search function
- A built-in content management module to facilitate updating information on the website. It avoids the time and cost involved with having the site designer make all the changes to the site, which should not be necessary.
- Statistical monitoring of website visits and pages viewed

On this last point, an important consideration is getting your website designer to provide your website with a complete analytical system, permitting you to directly download statistical data from the host server.

We strongly recommend you avoid letting the website designer talk you into having a 'splash page' at the front of the website. A splash page is a first page that provides pictures, video and often a soundtrack that you have to click through to enter the website itself. While this may be an aesthetically pleasing introduction to your business, it creates a barrier to search engine maximization and it also is irritating to business people accessing the site, as well as other people wishing to get to the information they want.

A couple of interesting websites that incorporate a number of these features include:

- www.gorp.com (outstanding adventures by destination and by type of experience; a very successful website)
- www.novascotia.com
- www.explorenovascotia.com
- www.travelalberta.com (easy to navigate, good search engine maximization)
- www.colorado.com (good trip planning, customized by travel group composition, interest, region)

Here are some good Nova Scotia websites:

- www.princegeorgehotel.com
- www.lordnelsonhotel.com
- www.halliburton.ns.ca
- www.capebretonresorts.com/inverary.asp
- www.havenside.com
- www.pier21.ca
- www.upperclementsark.com
- <http://museum.gov.ns.ca/mma>
- www.coastaladventures.com
- www.scottwalking.com

Driving People to the Website

As mentioned, one of the big challenges today is attracting the right visitors to the website. This is accomplished through a number of techniques:

- The use of traditional marketing techniques to attract attention and direct people to visit the website. All your marketing materials should include reference to the website.
- An easy to remember URL.
- Search engine optimization, through the use of search engine registration, content tags, meta tags, targeted key words and instruction codes to search engines to search all words and all pages. (We suggest you get some help from knowledgeable Internet professionals in this regard.)
- Inbound links (see discussion of this later below)

Attracting People Back to the Website

This involves cookie-based user ID or getting site visitors to register and establish a user log-in for a "remember me on this site" function. Next time they visit they are automatically taken to their previously stored information, such as their customized itinerary.

This is not a feature that a small independent tourism operator will likely use, however, it can be very effective for larger chain operations, tour operators and destination marketing organizations.

Links

It is useful to develop a link strategy for both inbound (links from other websites) and outbound links (links to other websites). Inbound links should be maximized to the extent possible.

Outbound links should be designed to open in a separate window so that the user is returned to the original site once they close out of the linked site.

Partnerships are a key part of tourism market development. Similarly, website links are a critical element of website development. They are merely on-line partnerships that share web visitors between like-minded operators and those offering complementary products and services. As such, a detailed link strategy should be developed and maintained to ensure as many visitors as possible find links to your website.

This often requires a simple request to partner sites through email. Ideally, a graphic should accompany the email in the event the host website would like to add an image or icon of the province highlighting the link. In addition, the website should have a section in the site encouraging links with a download-able image that can be added to other sites. This additional promotion can be achieved at virtually zero cost; it simply requires time and attention on an ongoing basis to increase the exposure in a wide variety of market segments.

If you are listed in the Nova Scotia Doers and Dreamers Guide, you are automatically listed on the provincial tourism website (www.novascotia.com) with a link to your web site. You are required to provide a reciprocal link to back to www.novascotia.com from a primary page on your web site.

Make sure you are linked to appropriate special-interest sites and listed by relevant special interest directories. For example, there are numerous sites oriented to birders and if you are offering a tour that includes an opportunity to see rare birds, it should be linked to these sites.

Linking to sites takes a bit of time – to find suitable sites, you should act like a potential customer and seek out the sites that you want to be linked to. Then, register selected key words with the major search engines (e.g., Yahoo, Alta Vista), and then try searching for your site using these words to make sure they work. Some other sites act as travel directories for special-interest travel (e.g., Great Outdoor Recreation Pages (GORP), www.gorp.com) where you can purchase a web page listing for your company.

To check how well your site is positioned within the Internet, go to Google (www.google.ca) and in the space where you enter the search instructions, type in 'link(single space):(your domain name)'. Here's an illustration - 'link :www.bobs motel.com'. This will illustrate all the links to your website. If you have more than 40, you are doing OK; if not, your site needs more search engine optimization.

Database Marketing Linked to the Web

If your organization is a major chain, a tour operator or a DMO, you should invite your website visitors to register with you in order to capture their contact information and continue with the relationship that has been started. There should be dominant areas within the website to 'opt in' or leave their email information at a minimum, and ideally additional information that would give a profile of the web visitor for future correspondence. This will provide you with a database for future marketing initiatives.

Today privacy laws require you to obtain permission from an individual to solicit business from them through direct marketing; this is referred to as 'Permission-based Marketing'. People that opt-in to receiving more information by registering on the website can be communicated with in

future through email broadcasts of special offers, contests, newsletters and the like. (For more information on this issue, see Section 8 on regulations.)

Customer Relationship Marketing

Some websites take this concept to a higher level, by encouraging people to also register their interests and other information about themselves. This additional information can be entered into a database and the individual subsequently solicited with highly customized communications. This is termed 'Customer Relationship Marketing' today, or CRM. With this additional information and contemporary database technologies, direct marketing has become a much more powerful marketing technique than it has been formerly. Conversion rates have skyrocketed from the 2% to 3% level traditionally, to 20% and higher on some programs.

Web-Based Advertising

Another marketing option today is to advertise on frequently visited websites hosted by others. Given its cost, it will only be of interest to major players.

Much effort has been spent in the last couple of years promoting and testing the effectiveness of web-based advertising. Many advertisers have experienced poor performance and questionable benefits by promoting their product through banner ads, pop-ups and other forms of web-based advertising on some of the larger sites, such as news-based CNN, Globe & Mail, Canoe, Yahoo, etc. However, a more targeted approach can be tested, based on a pay-for-performance agreement. Again, tracking can be quite specific, and websites can be very targeted, including websites offering travel directions, such as Mapquest, or even online versions of the specialty magazines such as National Geographic Traveler or National Geographic Adventure.

Web-Based Tour Operators

All tour operators are embracing the Internet as a marketing tool, of course; however, there are a growing number of web-based tour operators; essentially companies that are functioning as resellers and packagers and using the web as both their marketing medium and reservations system. In other words, they are fully online marketers. Examples include Microsoft's Expedia, Sabre's Travelocity and numerous others. The Canadian versions of these two websites are www.expedia.ca and <http://www.travelocity.ca/>. The USA versions are .com instead of .ca. www.travelocity.ca/

Another is a Canadian company, Travelinx, at <http://www.canadatransel.ca/>. This company also builds websites and hosts websites for destinations, industry organizations and businesses. They employ their powerful booking engine to provide their clients with a state-of-the-art website with full reservations and transaction capabilities. One of such clients, for example is the Canadian Golf Tourism Alliance <http://www.canadagolf.com/>.

These are deserving of attention. In fact, this may offer an optional route to achieving a powerful site at reasonable cost.

Other Advertising Activities

Media Advertising

Advertising is the most obvious of the marketing activities available but it is also generally the most expensive element of your marketing plan. Effective advertising requires a clear understanding of the target group, your product strengths, and the available media options within your budget. Advertising can create awareness of your business and encourage consumers to try your product.

If you are going to invest anything more than a small amount of money in advertising, then you should seriously consider obtaining professional assistance from an advertising agency. The agency can help you design your ads, identify the best media to use, buy the media, and generally manage your advertising program.

If your advertising program is too small to make using an advertising agency practical, then there are others who might be able to help, for example:

- Local printer: he or she should have some expertise in ad design and layout;
- A local marketing partner selling a product complementary to yours;
- Your local newspaper, radio station, etc.;
- Your local tourist association coordinator;
- A local art or communications instructor/teacher.

The key point is get help from someone who has expertise in marketing and communications techniques.

There are a variety of types of media advertising and some will work better than others for your product. The basic approach to follow when deciding which media to use is to choose those media that reach your target audience most cost effectively. You will have to do some homework to determine this. Contact media representatives and ask them to send you an information kit that gives you information on such things as audience profiles, market coverage, and circulation.

Don't forget to look at advertising as an investment not as a one shot deal. You will not always get noticeable results from one advertisement, so stay away from expensive media if you cannot afford to repeat your advertisement frequently to gain an ongoing awareness.

The main categories of media are: print (newspaper, magazines), outdoor (signage), and broadcast (radio and TV). Exhibit 9 summarizes the advantages and disadvantages of each type of advertising.

In the adventure travel business, particularly for multi-day experiences, you will often be targeting a special interest or niche market, such as bird watchers, or sea kayakers for example. This means that you can adopt a much more targeted approach to your advertising, and there are numerous special-interest publications and magazines related to outdoor adventure experiences. You will find, however, that advertising in these magazines can be very expensive and you

EXHIBIT 9

ADVANTAGES AND DISADVANTAGES OF DIFFERENT TYPES OF ADVERTISING

TYPE	ADVANTAGES	DISADVANTAGES
PRINT MEDIA		
Newspapers	• reaches more people than other print media • considered to be a good source of info. on travel facilities and services • can be placed at short notice • relatively low cost • wide selection of editorial, so messages can sometimes go in special sections • printed daily or weekly - can hit the market with frequency • provides an opportunity to be creative • offers an opportunity to use coupons	• large readership, but only a small number of readers will have an interest in any one product • has a short lifespan - often read in a hurry • quality of reproduction is poor • pages are large, so small ads get lost
Magazines	• more selective readership than newspapers • much longer lifespan than newspapers • higher reproduction quality than newspapers	• long lead times and inflexible closing dates. You have to plan far in advance • low market penetration rates - therefore higher costs • circulation seldom tailored to geographic markets
Guides e.g. travel guides, directories, etc.	• highly targeted - may have a low number of readers but they are interested in the subject • listings are sometimes free	• normally long lead times • space may be limited

EXHIBIT 9 continued

ADVANTAGES AND DISADVANTAGES OF DIFFERENT TYPES OF ADVERTISING

TYPE	ADVANTAGES	DISADVANTAGES
INTERNET MARKETING		
Website	• Extensive reach • Affordable • Customizable for different audiences • Can be kept current day to day • Can assist in building a database of prospects • Can be linked to a booking engine	• Having people finding it on the Internet is a challenge
Database e-marketing	• Better quality of prospects, resulting in higher conversion rate • Very affordable • Very customizable • Easy response	• Now requires the permission of the prospect

EXHIBIT 9 continued

ADVANTAGES AND DISADVANTAGES OF DIFFERENT TYPES OF ADVERTISING

TYPE	ADVANTAGES	DISADVANTAGES
DIRECT MAIL A good mailing list is key - you can buy one, build your own from current and past customers, use phone directories, association lists, etc.	• highly targeted - if you have refined lists, then you can be sure only potential customers receive your mailing • extremely flexible • you can reach people at home or at the office • you can personalize your message • you can measure effectiveness and organize on short notice	• relatively costly • postal service can be unreliable • usually a low response rate - frequently only 1% - 2%
OUTDOOR ADVERTISING Includes effective signage, mall poster displays, transit advertising.	• geographic flexibility • message is there 24 hours per day • particularly effective in reinforcing other types of advertising and in attracting pass-through or transient customers • can provide directions to your business as well • relatively long life-span	• availability of outdoor locations is limited • cannot be targeted to any segments other than geographic ones • can communicate only a limited amount of information • works best for firms with well-established reputations

EXHIBIT 9 continued

ADVANTAGES AND DISADVANTAGES OF DIFFERENT TYPES OF ADVERTISING

TYPE	ADVANTAGES	DISADVANTAGES
BROADCAST MEDIA		
Radio	• captive audience at any given moment - they will all hear your message • stations have segmented audiences so you can target a group, e.g. young market • very versatile • a live medium - you can do things with this that cannot be done with other media • relatively low cost and fast delivery	• short life span - listeners may miss part or all of the message • poor choice if you need to show a visual image • large number of messages in peak periods - can be disruptive • frequently listened to in the car and can easily be tuned out
Television	• excellent way to convey powerful images • audience is somewhat captive • tremendous reach • can show business in very attractive manner	• many of same disadvantages as radio • expensive - both to purchase the time and produce the commercial
CONTRA ADVERTISING	• in most cases, no money changes hands so this approach does not deplete your cash assets	• the advertising you get is generally in off-peak, poorer periods • it is not necessarily effective if the media being offered is inappropriate to your business
CO-OP ADVERTISING	• economics of scale can provide small organizations with an opportunity to gain exposure in an area of media that would not otherwise be cost effective	• peer pressure can stampede you into going into a venture that is not in your best interest • your exposure may be too small to be noticed if you are in with a large number of bigger operators

should carefully research the audience the magazine is targeting. Pay particular attention to the geographic markets the magazine is targeting – if most of their distribution is in California, there is only a slight chance that your ad will generate much business for you in Atlantic Canada. As well, you should pay careful attention to response rates so you can measure the value you are getting for your money. More on that later.

You may find it more cost-effective to do such advertising on a co-op basis with other outdoor adventure operators, preferably ones offering somewhat different activities. Even more effective is "tagging" your advertising onto an initiative of the province, or possibly the Nova Scotia Adventure Tourism Association – where they might be doing a spread on Nova Scotia generally, and you can purchase an ad to feature your adventure product.

Co-op Advertising

Cooperative advertising works on the strength in numbers principle. In general, several organizations (e.g. business, government, associations) with a mutual marketing need will join forces. For example, a regional travel association may welcome area operators into sharing the costs of a co-op brochure or a full-page ad for the entire destination.

This may be effective for you if you are targeting the same markets that the co-op ads are striving to reach. For example, if the market for your whale watching cruise is people already visiting the Lunenburg area, then it might be valuable to advertise in a co-op page with other Lunenburg businesses in the South Shore Travel Guide which is distributed mainly in the province. On the other hand, if you want to attract highly skilled kayakers for a ten day tour, advertising in this guide may not be a lot of use since it is distributed to a mass market.

Contra Advertising

Contra advertising or swap advertising has long been a factor within the hospitality sector. Basically, contra involves trading of media coverage for some of your product. This is often done for contests, where a resort, for example, gives a free weekend as a prize for a radio contest and receives plugs on the air or actual advertisements at no charge.

Direct Mail

Direct mail or direct marketing can be a highly effective method of reaching one's audience, particularly if it can be targeted at market segments that have a strong interest in the type of product you are offering. It is measurable, can be personalized, and is flexible.

In the adventure travel market, for example, you can acquire lists of members of special interest clubs or associations and build your mailing list from this. You can also purchase mailing lists from Check In of people who have enquired about obtaining information on Nova Scotia.

It will probably also be useful to build your own mailing list over time of people who purchase your adventure travel product. Don't forget that a satisfied customer is often a repeat customer. If you introduce a new product or itinerary, you can send information to your own customer list to encourage them to purchase your product again or to refer you to their friends and relatives. You may even want to do an annual newsletter to keep past customers up-to-date on your activities.

Collateral Material

Collateral material includes all the printed material you use to market your business – the material you distribute to potential customers. The main types of collateral material you are likely to use are brochures, posters, counter display cards, and price lists.

A brochure is the most important piece of collateral material because it is the one item that is most likely to make the initial sale. The following provides some suggestions and guidelines about the content and design of your brochure.

When trying to decide what kind of brochure you need, what it should look like, and what it should contain, you need to consider your target market, the intended role of your brochure, the reasons your customers are going to buy your product, and the size of your promotions budget. The place to start is with your target markets. You may decide that you need more than one brochure – that is, one brochure for each of your major market segments.

The next step is to decide on the content of your brochure. As a rule, your brochure should contain the following:

- Name of your business and its logo;
- Illustrations of major products and services included at your property;
- Descriptive text or copy;
- Selling or motivational copy, highlighting customer appeals and unique selling points;
- Business location, address, telephone, fax and email.

Detailed information on prices, discounts, travel booking procedures and terms, deposit requirements, conditions for cancellations and refund claims should be provided in a separate insert which can be updated and replaced as and when required.

Your brochure should be designed to achieve the following goals:

- **Capture Attention:** First you have to draw the consumer's attention. Use the front cover to do this. Use an attractive, lure picture of your product. Since brochures are frequently displayed with only the top part showing, make sure that the top one third of your brochure describes the product you are offering.
- **Develop Interest:** Build interest in what you are offering. This should be done on the second panel with photographs and text describing the appeal of your product. Use pictures of people enjoying your product.
- **Create Desire:** Create a desire for the product. Provide enough information for people to decide whether or not they want to stay at your property. Focus on your competitive advantages and unique selling propositions (USPs).
- **Call to Action:** Turn that interest and desire into action. Your back panel should be a call for action and include where to find you and how to get there, where to phone to make a reservation or for more information, your address, etc.

Illustrations and photographs should be seen as an essential element of your brochure. The most effective photographs are action shots of customers enjoying some of your facilities and services. In using photographs, consider the following guidelines:

- Only use photographs which have been taken professionally or to professional standards;
- Avoid using so many photographs that your brochure becomes overcrowded;
- Use a range of photographs of the different products and services you will be providing;
- Only use photographs that are genuinely representative of the products you will be providing your customers;
- Avoid using photographs that will date rapidly;
- Always run a caption with each photograph explaining precisely what the photograph shows;
- Try to put a selling message into your captions, since captions are read more carefully than text.

Some other design considerations for your brochure include:

- Use clear, simple type with different sizes for your titles, subtitles, headings, and copy. Do not use ornate type styles since they are hard to read;
- Use black ink on white paper for easy legibility;
- Do not overprint your type with a coloured screen – this makes the type difficult to read;
- Do not use too many colours;
- Organize your material carefully; do not mix different kinds of information;
- Leave a lot of white space, particularly in the selling section of the brochure;
- Make sure your brochure's layout is consistent; do not try to be too creative - keep it simple;
- Leave space on the back for a travel agent's stamp.

Your brochures and other collateral material can be distributed through a number of channels:

- Local visitor information centres: make sure your local visitor information centre is well supplied with brochures and that the people who work there know all about your product. If your product is targeting primarily visitors already in the area, you may want to give local travel counsellors an opportunity to experience your product first hand.
- Other information centres: you can supply the provincial Literature Distribution Centre with a stock of your brochures for distribution to provincial information centres and to other local centres. This service is currently provided free of charge. All you have to do is supply the brochures (there are some guidelines about the brochures, which you can get from the Department of Tourism, Culture and Heritage) and indicate where you would like them distributed.
- Local tourist businesses: local noncompeting businesses such as accommodations, restaurants, and gas stations should be well-supplied with your brochures, particularly if you are offering a part-day or one-day tour targeting visitors staying in the local area. Again, it is important to make sure that these operators are well-acquainted with your business since visitors will frequently ask "what is there to do around here...". You may want to give these operators a chance to experience your adventure and offer them a commission for any business they send your way.

You can also arrange with these businesses, to display posters and/or counter cards in their lobbies and include your brochures among the in-room information they provide to their customers.

Provincial and Regional Travel Literature

The Province of Nova Scotia, through the Nova Scotia Department of Tourism, Culture and Heritage, produces and distributes a variety of travel literature and this material affords an excellent means of reaching potential customers. Basic listings in some of these publications (or on related sections of the provincial website) are free of charge; for others there is a charge depending on the size and type of advertisement you want to place. Even where there is a charge, this is a very cost-effective advertising method, since hundreds of thousands of these publications are produced and distributed widely to people planning travel and travelling in the province.

The main provincial publication in which you should advertise is The Doer's and Dreamer's Complete Guide. Information in this guide is organized by the various Travelways in the province, and you can arrange for your ad to be placed in the section on your Travelway. As an outdoor adventure operator, you also qualify for a listing in the Outdoor Adventure or Tour Operator section of the Travel Guide. One thing to remember about this guide, as well as other provincial publications, is that the deadlines for material are very early - in early July for the next year's publications. Check out the Nova Scotia Tourism Partnership Council website (www.nstpc.com) for details on this publication and others that the province produces.

The Nova Scotia Tourism Partnership Council publishes an annual Partnership Opportunities publication which provides an overview of the tourism marketing plan along with detailed information on partnership marketing opportunities. This guide is also available on line at the Council's website (www.nstpc.com). You should pay attention to the programs in this guide. They are also described on their web site (the address is in the contact list, provided in Appendix I).

It would also be very useful for you to become involved in the Nova Scotia Adventure Tourism Association which has been involved in some co-op marketing programs. Not only will this association provide you with some marketing opportunities, it will also provide an excellent opportunity to network with other operators in your field.

You should definitely become a member of the regional travel association in your area (see Appendix I for contacts). They also have websites and produce travel guides for each region of the province. These are distributed through information centres and in response to direct requests. They are a very cost effective method for advertising your business, particularly if you are targeting visitors already in the area.

Consumer Shows

As an adventure tourism operator, you may also want to consider attending some consumer travel shows that focus on adventure travel activities. There are such shows in Toronto and various major US cities, such as Chicago. You may also want to consider other regional shows.

Promotions

Promotion is not just another word for advertising; it is everything that adds fun, excitement and uniqueness to an operation and should be thought of as an event that has a definable start and finish. Examples include a special event, a special package of services for a particular market. Properly planned, promotions can increase the awareness of your business, attract new customers, and keep existing customers coming back.

Public Relations and Publicity

Public relations and publicity can keep your business in the public eye without your having to pay for advertising. To that extent, it is free, so it can be highly cost effective. However, good publicity doesn't just happen, it has to be carefully planned, and it must fit in with your other promotional activities. You can get publicity in the media by making yourself available for interviews or establishing yourself as the local expert on some topic related to your business. You can also stage news events and issue press releases.

Signage

It is important to have good signage for your business, not only to tell potential customers about your business but also to help them find you. Signage on provincial highways is governed by the Department of Transportation and Public Works. In addition, within municipalities there may be some guidelines on signage design and placement.

Whatever signs you put up must be of good quality. Small, falling-down, hand-lettered, and hard-to-read signage does not suggest a quality operation to the potential customer. Search out a local artist or sign maker to design and build some quality signs for your business. Make sure that the signs are big enough for travellers on the road/highway to read them. Remember, they are probably driving at 70-80 km an hour, which means they won't have a lot of time to take in the information on the sign. Make sure that whatever you put on the sign is brief and informative. Be careful not to put on information that might change, such as your operating hours or the prices, except on a panel which can be easily replaced with new information.

10.3 Working with the Travel Trade

The Travel Trade Structure

There are three main elements within the travel trade – Tour Operators, Receptive Operators, and Travel Agencies. The first two can generate significant levels of business for your outdoor adventure business, if you offer the types of experiences that appeal to the markets served by them.

Tour Operators

Tour operators develop, market, and operate packages as their primary business. There are a number of types of tour operators, the most common ones being the escorted group motorcoach tour operator, the independent package (FIT) operator, the special interest/activity packager/operator, and the holiday destination packager.

There are 'outbound' tour operators that focus their attention on particular target market segments, developing products to appeal to them and their tours operate to different regions of the world. There are also 'inbound' tour operators that are associated with particular destinations, with tours offered internationally to people interested in their destination. The former is usually located in its primary market area; the latter type is usually located at the destination.

Some tour operators specialize in adventure products; in fact, while some of the mainstream tour companies will include adventure products in their programs, there are a number of specialty operators that have established themselves as adventure tour companies. Examples are GAP Adventures which is a Canadian based company that has developed packages throughout the world. Check them out at www.gapadventures.com. Another is www.gorp.com, which is an adventure travel portal containing a lot of different adventure products throughout the world.

Receptive Operators

These are businesses that specialize in particular destinations, providing services to group travel organizers and tour operators at the destination. Usually these are inbound tour operators at the destination that provide their services to other tour operators. Some limit their services to the community and area in which they are based, others provide services to entire regions of the continent.

The local receptive operator is located within the Atlantic Region, some of them in Nova Scotia. This operator will deal directly with tour operators and travel agents who develop and market their own packages, companies that require group hosting arrangements, and other intermediaries – selling and arranging product in Nova Scotia.

They can include your adventure tourism experience as part of the packages they sell to tour operators from outside the province. Receptive operators deal with groups as well as the FIT (Fully Independent Travel) market.

There are a number of receptive tour operators in Nova Scotia. You can obtain a list from the Department of Tourism, Culture and Heritage. You should contact these operators directly and promote your product to them.

Travel Agencies

Travel agencies book travel arrangements on behalf of individuals and businesses, earning a commission from the travel-product supplier in the process. They retail all types of travel-trade packages and often develop and sell their own packages as well.

Tour Operator Discounts and Travel Agency Commissions

There is a cost involved in doing business with the travel trade. Travel agencies require commissions while tour operators require discounts from your normal retail prices.

Some tourism operators take the attitude that paying commissions or providing discounts to others is unwarranted – that it is like paying out money that really should be theirs to keep. But we take a very different approach and we strongly recommend you consider adopting the same one. Using commissions and discounts can be a very effective means of growing your business. And, done right, it will increase your profits, not erode them.

A careful evaluation of your cost and pricing structure is warranted before marketing to the travel trade. Examples of the discounted rates and commissions expected by the travel trade are provided in Exhibit 10.

Other Packagers

One of the growing segments of the travel trade is the independent package. Some of these are special interest or special activity packages, including such things as adventure activities, hiking/biking holidays, etc.

Other independent packages are of a touring nature, such as a do-it-yourself driving tour with a rental car. Basically, they are designed for people to participate in independently, and usually involve air travel, a choice of accommodation, often a car rental and some other features.

Another type of package is the special interest/special activity group package. These are usually small groups, and involve a central event or activity, along with a guide for some or all of the package.

Packagers of these products are often smaller companies, as compared to the large group tour operators.

Marketing to the Travel Trade

How do you sell your adventure experience through specialty tour operators or receptive operators? The key is to get your adventure travel experience included in the packages offered by the tour and receptive operators.

Specialty Tour Operators

The first task is to find out which tour operators might be interested in the types of products you have to offer. You can obtain a list of specialty tour operators from the Specialty Travel Index (www.spectrav.com) or from other sources on the Internet. Seek out the web sites of these tour operators, and determine the kinds of products and features they are looking for. You should also identify operators who are likely to have some interest in coming to Nova Scotia or Atlantic Canada, and obtain brochures from those you think might be interested in your products.

The next step is to present a proposal to them regarding your product. By acquainting yourself first with their market positioning and unique package features, you will be better equipped to present a proposal that will appeal to them and complement their existing offerings.

It is unlikely that a specialty tour operator will contract with you to deliver their full program until they have "tested" you and your product by adding some of your products/features to their packages. You will need to first build a solid relationship with them so that they can be assured that their clients will get a quality experience.

EXHIBIT 10

GUIDELINES ON TRAVEL TRADE COMMISSIONS AND DISCOUNTS

Travel Agency Commissions on Individual Bookings	10%
Travel Trade Wholesaler Discounts (Reductions from Retail):	
Tour Operator	20% - 30%
Receptive Operator	25% - 40%
Group Leaders, Affinity Groups	5% - 10%

Generally speaking, tour operators are looking for the following kinds of things from their suppliers:

- Quality unique adventure experiences, services and programs at good value prices;
- A safely run adventure travel experience;
- Consistently friendly service;
- A travel trade culture, consisting of:
 - an appreciation by management of the business coming from tour operators;
 - a willingness by both management and staff to give the best service to groups;
 - an understanding and acceptance of established travel trade commissions and discount structures;
 - honouring commitments;
 - appropriate policies with respect to block bookings (releases not required until the last 15 or 30 days), deposits (none, please!), acceptance of vouchers, appropriate invoicing procedures, etc.

Tour operators make their tour arrangements well in advance so don't expect, therefore, to start promoting your adventure tour product to tour operators in November and get any significant business for the following season. It will probably take two to three years for you to develop this business to any significant extent, and this assumes that you meet all of the criteria described above.

10.4 Measurement

Your Marketing Plan must be continually monitored and re-evaluated. A number of methods may be employed to monitor your plan. For example:

- Track advertising effectiveness. For example, how many coupons were returned?
- Keep tabs on sales calls vs. confirmed sales.
- Constantly read guest comment cards or use other research tools to determine levels of consumer satisfaction.
- Watch your booking sheets. Look for tentative vs. confirmed, confirmed vs. actual.

A Marketing Plan is organic. It will change throughout the year. As you monitor the plan, you are in effect undertaking an ongoing Situational Analysis. As necessary changes to the strategy are recognized, they should be introduced. These changes illustrate the nature of the marketing process. It is evolutionary and ever shifting.

10.5 Market Research

Market research should be considered when you have questions that need answering and when the cost of making a mistake is considerable. It is simply the assembly and evaluation of information.

The vast majority of marketing research problems can be reduced to some variation of four basic questions:

PEOPLE:	How big is the market? Who should my target groups be? What do they look like?
PRODUCT:	Am I competitive? What do my target markets want?
PROMOTION:	What should I say? When, where, and how often should I say it? Is what I have been saying being heard, believed, and acted upon?
PRICE:	What should I charge?

If you are going to do market research, you need to define the problem clearly. What is the purpose of your research? What are the benefits which will be derived? And how you will use the information in your business or marketing planning? Then you need to identify what information you already have available before deciding what else you need to collect and what are the best ways of obtaining the information you need. There are a variety of research methods you can use depending on whom you want to survey and what information you require.

Customer Surveys

You can survey your customers while they are participating in your adventure experience or after they have left. Options include:

- Interviews: either in person while they are on the tour or on the telephone or by email afterwards.
- Questionnaires: can be completed by customers before they leave or given to them to be mailed back (it is a good idea to give them pre-stamped envelopes), or the questionnaires can be mailed or emailed out later.
- Comment cards: same as questionnaires, but only useful if you are looking for a minimal amount of information. The disadvantage with comment cards is that they may only reflect the opinion of a small minority of your customers and probably only those who had complaints.
- Telephone interviews: if you have phone numbers for your customers, you can call them up and complete a telephone interview.
- Focus groups: small discussions with groups of your customers. This type of research requires a professional moderator or discussion leader, and tends to be expensive.

Customer surveys have a built-in bias, in that the only people who respond are your existing customers. If you are trying to determine their reaction to your adventure tourism experiences, the type of tour, the quality of service you are providing, or some changes you are planning, then this is the best research method. However, if you are trying to determine the level of interest in your product in the market place or why consumers are not taking your tour, then you have to use another method.

Consumer Surveys

Here you are surveying the wider consumer market, most of whom are not clients of your business. The challenge with this method is to identify whom you should survey and the best way

to survey them. Various options are available, as outlined below. You should probably seriously consider retaining a professional survey company if you want to do this kind of research.

- **Mail Survey:** mail out questionnaires to a selected list of consumers. You will have to first build a list. You could select names randomly from the phone book or purchase a list from an organization. The response rate for mail-out questionnaires tends to be fairly low (less than 10%), unless you are surveying a highly targeted list, on a topic in which they are interested, or you can provide a strong incentive for them to participate.
- **Telephone Survey:** this approach is widely used as a survey technique. Potential respondents are randomly selected from the phone book and then called to request their cooperation in completing the survey. Telephone interviews are limited in the amount of time/information that may be secured and the type of information that can be tested. For example, you cannot test a new visual advertisement this way. Telephone surveys are more expensive than mail surveys.
- **Face-to-Face Interviews:** research companies interview people in their homes, places of business, within shopping malls, and on public roads (the last venue involves the technique of intercepts). In-person interviews offer an opportunity to show people products, ads, and other visual materials. This approach is very expensive because of the large amount of time required.
- **Focus Groups:** these provide another face-to-face encounter technique. The focus group is, in reality, a controlled multi-person interview. A moderator conducts a group discussion with 8 to 10 people. The focus group allows for the presentation of visual material and for sampling ideas and products. Focus groups are a good way of testing hypotheses but offer limited output and they cannot be considered statistically valid.

Up to now, we have offered comments on methods used to secure information on consumers. In addition, you should look at broader market questions and keep tabs on the competitive environment, and the market place in general.

Competitive Research

Our competitors are often our best source of advice on how we are doing. Are your tours booked to capacity while the operation's down the road is empty? Or is the situation reversed?

Is your competitor spending more money than you on advertising? Why? Do you read the ads in a detailed way? What is he or she selling? What about prices? What about special deals? Is your competitor advertising for new staff? Is he or she paying more?

The implication of these comments is clear. Keep abreast of what your competitors are up to!

Trend Data

Be aware of trends in the market place. Read specialty magazines and visit adventure travel sites on the Web, trade journals and articles. Join associations and attend meetings periodically.

We understand how very busy you are running your business. We also acknowledge that your time demands must be managed. Manage your reading and media consumption in such a way that you become conversant with trends and changes that will affect your industry and your operation.

10.6 Pre-Opening Activities

The opening of your business for the first time is a major event for you, but it's also a newsworthy event in the community and you should take maximum advantage of the public relations and publicity opportunities. You want to get public awareness of your existence as quickly as possible. Some suggestions follow:

- Prepare a press kit when you're almost ready to open, including pictures of people participating in your adventure experiences, and an article on the unique and newsworthy aspects of your business. Distribute it to the local media.
- Host a reception for the managers, and the front line staff, of your tourism partners in the community – hotels, restaurants, attractions, visitor information centres, etc. This is particularly important if you will be depending on visitors who are already in the local area to generate demand for your adventure tourism business. Give them a brief presentation on your business, and, if feasible, provide them with an opportunity to experience it first hand.
- Stage some special promotions and events to draw public and media attention to your new business and its appeals.



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- Ms. Wendy Scott, Scott Walking Tours, Halifax;
- Mr. David Etter, Mahone Bay Kayak Adventures, Mahone Bay;
- Mr. Tom Goodwin, Ocean Explorations, Tiverton.

APPENDIX I

List of Contacts

APPENDIX I

LIST OF CONTACTS

Tourism Division - Tourism Development
Department of Tourism, Culture and Heritage
1800 Argyle Street, 6th floor
Halifax, NS
B3J 2R5
Tel: 424-5000
Fax: 424-0629
Website: www.gov.ns.ca/dtc

Tourism Division - Tourism Marketing
Department of Tourism, Culture and Heritage
1800 Argyle Street, 6th Floor
Halifax, NS
B3J 2R5
Tel: 424-5000
Fax: 424-2668
Website: www.gov.ns.ca/dtc

The Nova Scotia Tourism Partnership Council
World Trade and Convention Centre
Suite 603, 1800 Argyle Street
Halifax, Nova Scotia
B3J 3N8
Tel: 424-0048
Fax: 424-0723
Website: www.nstpc.com

Service Nova Scotia & Municipal Relations

Access Nova Scotia
Toll free: Throughout Province:
1-800-670-4357
Website: <https://www.gov.ns.ca/snsmr>
One-stop shopping for government programs and services. Maintain database of contacts for government departments in each region regarding appropriate permits, etc. Also contact for new Nova Scotia Business Registry.

Regional Access Nova Scotia Offices:

Access Nova Scotia - Amherst
Superstore Mall
126 South Albion St.
Amherst, NS B4H 2X3

Access Nova Scotia - Antigonish
20 St. Andrew's St.
Antigonish, NS B2G 2L4

Access Nova Scotia - Bridgewater
77 Dufferin Street
Bridgewater, NS B4V 2W8
Tel: 1-800-670-4357

Access Nova Scotia - Halifax
West End Mall
6960 Mumford Rd.
Halifax, NS B3L 4P1

Access Nova Scotia - Kentville
28 Aberdeen Street
Kentville, NS B4N 2N1
Tel: 1-800-670-4357

**Regional Access Nova Scotia Offices
(Cont'd):**

Access Nova Scotia - Port Hawkesbury
218 MacSween St., Ste. 22
Provincial Building
Port Hawkesbury, NS

Access Nova Scotia - Sydney
Moxham Centre
380 King's Rd.
Sydney, NS B1S 1A8

Access Nova Scotia - Truro
35 Commercial Street, Suite 101
Truro, NS B2N 3H9

Access Nova Scotia - Halifax
West End Mall
6960 Mumford Road
Halifax, Nova Scotia
B3L 4P1

Access Nova Scotia - Dartmouth
Superstore Mall
650 Portland Street
Dartmouth, NS B2W 6A3

Access Nova Scotia - Yarmouth
Provincial Bldg.,
10 Starrs Rd., Ste. 127
Yarmouth, NS B5A 2T1

Canada/Nova Scotia
Business Service Centre
1575 Brunswick Street
Halifax, NS
B3J 2G1
Tel: 426-8604
Fax: 426-6530
Toll free: 1-800-668-1010

*Information on federal and provincial
government programs and funding assistance
under the Community Business Loan
Program.*

Nova Scotia House of Assembly- Office of
Legislative Council
Website: www.gov.ns.ca/legislature/legc/

Statutes of Nova Scotia

Government Departments

Federal Government

Atlantic Canada Opportunities Agency
(ACOA)
1801 Hollis St., Suite 600
P.O. Box 2284, Station M
Halifax, NS B3J 3C8
Tel: 426-6743
Fax: 426-2054
Toll free: 1-800-565-1228
Website: www.acoa-apeca.gc.ca

Business Development Bank of Canada
Cogswell Tower - Scotia Square, Suite 1400
Halifax, NS B3J 2Z7
Tel: (902) 426-7850
Fax: (902) 426-6783
Toll free: 1-888-463-6232
Website: www.bdc.ca

Canadian Tourism Commission (CTC)
55 Metcalfe Street, Suite 600
Ottawa, ON
K1P 6L5
Tel: 613-946-1000
Website: www.canadatourism.com

Canada Revenue Agency
Business Services
Website: <http://www.cra-arc.gc.ca>
*Payroll, GST/HST
Business Account Registration
Corporations (taxation)
Sole Proprietorships/Partnerships*

Canada Revenue Agency
Tax Services Offices:
Halifax
Ralston Building
1557 Hollis St.
P.O. Box 638
Halifax, NS B3J 2T5
Fax: (902) 426-7170

Sydney

47 Dorchester St.
P.O. Box 1300
Sydney, NS B1P 6K3
Fax: (902) 564-3095

Enterprise Cape Breton Corporation
Commerce Tower, 3rd floor
15 Dorchester St.
Sydney, NS B1P 6T7
Tel: 564-3600
Fax: 564-3825
Toll free: 1-800-705-3926
Website: www.ecbc.ca

Fisheries and Oceans Canada (Maritimes)
P.O. Box 1035
Dartmouth, NS B2Y 4T3
Tel: (902) 426-3760
Fax: (902) 426-5995
Website: www.dfo-mpo.gc.ca

Industry Canada
Corporations Directorate
365 Laurier Avenue West, 9th floor
Jean Edmonds Tower South
Ottawa, ON
K1A 0C8
Tel: 1-866-333-5556
Fax: (613) 941-0601
Website: www.corporationscanada.ic.gc.ca

Industry Canada
Competition Bureau
50 Victoria St.
Gatineau, PQ
K1A 0C9
Tel: 1-800-348-5358
Fax: (819) 997-4282
Website: <http://cb-bc.gc.ca>

Industry Canada
NUANS Search System
C/O NUANS Administrator
Hewlett-Packard Canada
P.O. Box 13000
100 Herberg Rd.
Kanata, ON
K2K 2A6
Website: www.nuans.com

Office of the Privacy Commissioner of Canada
112 Kent St.
Place de Ville, Tower B - 3rd floor
Ottawa, ON K1A 1H3
Toll free: 1-800-282-1376
Tel: (613) 995-8210
Fax: (613) 947-6850
Website: www.privcom.gc.ca
*Personal Information & Protection of
Electronic Documents Act*

Statistics Canada (Atlantic Office)
1741 Brunswick Street
Box 11, 2nd Floor
Halifax, NS B3J 3X8
Toll free: 1-800-263-1136
Website: www.statcan.ca
*Population data, Canadian Travel Survey,
International Travel Survey.*

Transport Canada, Marine Safety
Tower C, Place de Ville
330 Sparks St.
Ottawa, ON
K1A 0N8
Tel: (613) 990-2309
Website: www.tc.gc.ca/marinesafety
*Navigable Waters Protection Program
Office of Boating Safety*

Transport Canada (Atlantic Region)

Dartmouth:
P.O. Box 1013
45 Alderney Drive
Dartmouth, NS B2Y 4K2
Tel: 426-7795

Port Hawkesbury:
811 Reeves St.
Shediac Plaza
P.O. Box 2012
Port Hawkesbury, NS B0E 2V0
Tel: (902) 625-0803

Sydney:
196 George St.
Federal Arts Bldg., 2nd floor
Sydney, NS B1P 1J3
Tel: (902) 564-7002

Yarmouth:

248 Pleasant St.
P.O. Box 850
Yarmouth, NS B5A 4K5
Tel: (902) 742-6860
Website: www.tc.gc.ca/atl/

St. John Ambulance Training Offices
Headquarters for Nova Scotia Council
88 Slayter Street
Dartmouth, NS B3A 2A6
Tel: 463-5646
Fax: 469-9609
Website: www.stjohnambulance.ns.ca

Canadian Red Cross
1940 Gottingen Street
Halifax, NS B3J 3Y2
Tel: (902) 423-3680
Fax: (902) 422-6247
Website: www.redcross.ca
First Aid, Water Safety courses.

Provincial Government

Nova Scotia Department of Agriculture &
Fisheries - Food Safety Section (Halifax)
PO Box 2223
Halifax, NS
B3J 3C4
Tel: (902) 424-1173
Fax: (902) 424-3948
Website: www.gov.ns.ca/nsaf

Nova Scotia Department of Agriculture &
Fisheries - Food Safety Section (Truro)
P.O. Box 550
Truro, NS
B2N 5E3
Tel: (902) 893-7473
Fax: (902) 893-6531
Website: www.gov.ns.ca/nsaf

Nova Scotia Department of Natural Resources
P.O. Box 698
Halifax, NS
B3J 2T9
Tel: 424-5935
Fax: 424-7735
Website: www.gov.ns.ca/natr

Service Nova Scotia & Municipal Relations
1505 Barrington St., 9th Floor, South
PO Box 2271
Halifax, NS
B3J 3C8
Tel: 424-5528
Fax: 424-1298
Website: www.gov.ns.ca/snsmr

Nova Scotia Department of Environment &
Labour
5151 Terminal Road
PO Box 2107
Halifax, NS
B3J 3B7
Tel: 424-5300
Fax: 424-0503
Website: www.gov.ns.ca/enla/
*Public Safety Division
Occupational Health & Safety Division*

Nova Scotia Office of Economic Development
P.O. Box 2311
14th floor South, Maritime Centre
1505 Barrington St.
Halifax, NS
B3J 3C8
Tel: (902) 424-0377
Fax: (902) 424-7008
Website: www.gov.ns.ca/econ

Nova Scotia Human Rights Commission
(Central Office):
1690 Hollis St., 6th floor
P.O. Box 2221
Halifax, NS B3J 3C4
Tel: 1-877-269-7699
TTY: (902) 424-3139
Fax: 424-0596
Website: www.gov.ns.ca/humanrights

Nova Scotia Labour Standards
5151 Terminal Road, 7th floor
P.O. Box 697
Halifax, NS
B3J 2T8
Tel: 1-888-315-0110
Fax: 424-0648
Website: www.gov.ns.ca/enla/labstand

Nova Scotia Alcohol and Gaming Authority
40 Alderney Dr.
P.O. Box 545
Dartmouth, NS B2Y 3Y8
Tel: 424-6160
Fax: 424-4942
Website: www.gov.ns.ca/aga

Nova Scotia Utility and Review Board
Motor Carrier Division
1601 Lower Water Street, Suite 300
P.O. Box 1692
Halifax, NS
B3J 3P6
Tel: (902) 424-3588
Fax: (902) 424-3919
Website: <http://www.nsuarb.ca>

Nova Scotia Workers Compensation Board
Main Office (Halifax)
5668 South Street
P.O. Box 1150
Halifax, NS
B3J 2Y2
Tel: 1-800-870-3331 (Halifax)
Website: www.wcb.ns.ca

Nova Scotia Workers Compensation Board
Branch Office (Sydney)
336 Kings Rd., Suite 117
Sydney, NS
B1S 1A9
Tel: 1-800-880-0003
Website: www.wcb.ns.ca

Office of the Fire Marshal
Nova Scotia Environment & Labour
5151 Terminal Rd., 6th Floor
P.O. Box 697
Halifax, NS
B3J 2T8
Tel: 1-800-559-3473
Fax: (902) 424-3239
Website: www.gov.ns.ca/enla/ofm

Nova Scotia Transportation & Public Works
1672 Granville St.
PO Box 186
Halifax, NS B3J 2N2
Tel: 424-2297
Fax: 424-0532
Website: www.gov.ns.ca/tran

Provincial Tax Commission
P.O. Box 755
1505 Barrington St.,
8th floor, Maritime Centre
Halifax, NS B3J 2V4
Toll free: 1-800-565-2336
Tel: 424-6300
Fax: 424-0602
Web: www.gov.ns.ca/snsmr/taxcomm

Nova Scotia Registry of Joint Stock Companies
PO Box 1529
Halifax, NS
B3J 2Y4
Tel: 1-800-225-8227
Fax: (902) 424-4633
Website: www.gov.ns.ca/snsmr/rjsc
Registration of company and NUANS search of business name.

Nova Scotia Museum
Website: www.museum.gov.ns.ca

Educational/Training Resources

Cape Breton University
P.O. Box 5300
1250 Grand Lake Road
Sydney, NS B1P 6L2
Toll Free: 1-888-959-9995
Tel: 539-5300
Fax: 562-0119
Website: www.capebretonu.ca

Dalhousie University
Henry Hicks Academic Administration
Building
6299 South St.
Halifax, NS B3H 4H6
Tel: 494-2211
Registrar's Office:
Tel: (902) 494-2450
Fax: (902) 494-1630
Website: www.dal.ca

Mount St. Vincent University (MSVU)
166 Bedford Highway
Halifax, NS B3M 2J6
Tel: (902) 457-6117
Fax: (902) 457-6498
Website: www.msvu.ca

Nova Scotia Community College (NSCC)
Admissions
P.O. Box 220
Halifax, NS B3J 2M4
Tel: (902) 491-4911
Toll Free: 1-866-679-6722
Fax: 424-0717
Toll Free: 1-866-329-6722
Website: www.nsccl.ns.ca

Saint Mary's University
923 Robie Street
Halifax, NS B3H 3C3
Tel: (902) 420-5400
Website: www.stmarys.ca

Nova Scotia Tourism Human Resource Council
1099 Marginal Road, Suite 201
Halifax, NS B3H 4P7
Tel: (902) 423-4480
Fax: (902) 422-0184
Website: www.tourismhrc.com

INDUSTRY ORGANIZATIONS/ SECTOR ASSOCIATIONS

National & International Organizations/ Associations

Canadian Association of Foodservice
Professionals
1644 Bayview Ave., Ste. 1219
Toronto, ON M4G 3C2
Tel: (416) 422-3431
Fax: (416) 421-1598
Website: www.cfsea.com

Canadian Culinary Federation (CCF)
700-1281 West Georgia St.
Vancouver, BC V6E 3J7
Tel: (604) 681-6087
Fax: (604) 688-5749
Website: www.ccfcc.ca

Canadian Restaurant and Foodservices
Association (CRFA) - Atlantic Office
5121 Sackville St., Ste. 201
Halifax, NS B3J 1K1
Tel: (902) 425-0061
Fax: (902) 422-1161
Website: www.crfa.ca

Tourism Industry Association of Canada
(TIAC)
803-130 Albert Street
Ottawa, ON
K1P 5G4
Tel: 613-238-3883
Fax: 613-238-3878
Website: www.tiac-aitc.ca/

Provincial Sector Organizations/ Associations

Tourism Industry Association of Nova Scotia (TIANS)

1099 Marginal Road, Suite 201
Halifax, NS
B3H 4P7
Tel: (902) 423-4480
Fax: (902) 422-0184
Website: www.tians.org

Affiliated Associations (Same address, phone & fax as TIANS)

Campground Owners Association of Nova
Scotia (COANS)

Nova Scotia Adventure Tourism Association

Nova Scotia B&B Association

Other Industry Organizations/Associations

Canada Select (Nova Scotia)
1800 Argyle St., Ste. 603
Halifax, NS B3J 2R7
Tel: (902) 424-8929
Fax: (902) 424-0723
Website: www.canadaselect.com

Check In Nova Scotia
2695 Dutch Village Road, Suite 501
Halifax, NS B3L 4V2
Tel: 425-5781
Toll free: 1-800-565-0000
Website: www.checkinnovascotia.com
*Nova Scotia Travel Information and
Reservations.*

Federation of Nova Scotian Heritage
1113 Marginal Rd.
Halifax, NS B3H 4P7
Tel: (902) 423-4677
Toll free: 1-800-355-6873
Fax: 422-0881
Website: www.fnsh.ns.ca

Hotel Association of Nova Scotia (HANS)
P.O. Box 473, Station M
Halifax, NS B3J 2P8
Website: www.novascotiahotels.ca

Nova Scotia Association of Chefs & Cooks
Howe Hall, 6230 Coburg Road
Halifax, NS
Tel: 494-1262

Nova Scotia Restaurant Association
1161 Hollis Street
VIA Rail Station
Halifax, NS B3H 2P6
Tel: 429-5343
Fax: 429-0659

Taste of Nova Scotia
P.O. Box 368
29 Inglis Place, 2nd Floor
Truro, NS B2N 5L5
Tel: 895-3315
Fax 895-1011

Nova Scotia Association of Unique Country
Inns
Website: www.uniquecountryinns.com

Regional Tourism Industry Associations

Antigonish/Eastern Shore Tourist Association
(AESTA)
RR #1 Musquodoboit Harbour, NS
B0J 2L0
Tel: 889-2362
Web: www.rewardyoursenses.com

Central Nova Tourist Association
P.O. Box 1761, 577 Prince Street
Truro, NS
B2N 5Z5
Tel: 893-8782
Fax: 893-2269
Website: www.centralnovascotia.com

Destination Cape Breton
PO Box 1448
Sydney, NS
B1P 6R7
Tel: 563-4636
Fax: 564-5422
Website: www.cbisland.com

Destination Halifax
1800 Argyle Street, Suite 802
Halifax, NS
B3J 3N8
Tel: 422-9334
Fax: 492-3175
Website: www.destinationhalifax.com

Evangeline Trail Tourist Association (ETTA)
654 West Main St.
Kentville, NS B4N 1L7
Tel: (902) 678-1728
Fax: (902) 679-1396
Toll free: 1-866-260-3882
Website: www.evangelinetrail.com

Pictou County Tourist Association (PCTA)
40 Water St.
P.O. Box 1839
Pictou, NS B0K 1H0
Tel: (902) 485-6151
Fax: (902) 485-4415
Toll free: 1-877-81-OCEAN
Web: www.tourismpictoucounty.com

South Shore Tourist Association (SSTA)
Box 1390
Lunenburg, NS
B0J 2C0
Tel: 634-8844
Fax: 634-8056
Website: www.sssta.com

Yarmouth County Tourist Association
(YCTA)
Tel: 742-5355
Toll free: 1-866-850-9900
Web: www.aboutyarmouth.com

Regional Development Authorities

Antigonish Regional Development Authority
Farmer's Mutual Insurance Building,
Suite 2-1
188 Main St.
Antigonish, NS B2G 2B9
Tel: 863-3330 Fax: 863-4095
Website: www.antigonishrda.ns.ca

Cape Breton County Economic Development
Authority
338 Charlotte Street, 3rd Floor
Sydney, NS B1P 1C8
Tel: (902) 562-2201
Fax: (902) 562-2866
Website: www.cbceda.org

Colchester Regional Development Agency
P.O. Box 181, 966 Prince Street
Truro, NS B2N 5C1
Tel: 893-0140
Fax: 897-1157
Toll free: 1-866-227-6182
Website: www.corda.ca

Cumberland Regional Economic Development
Association
35 Church Street, Box 546
Amherst, NS B4H 4A1
Tel: (902) 667-3638
Fax: (902) 667-2270
Website: www.creda.net

Guysborough County Regional Development
Authority
P.O. Box 49, 46 Main Street
Guysborough, NS B0H 1N0
Tel: 533-3731
Fax: 533-2064
Toll free: 1-800-355-3731
Website: www.gcrda.ns.ca

Halifax Regional Development Agency
11 Glendale Drive, Unit 9
Lower Sackville, NS B4C 3P2
Tel: 869-4040
Fax: 869-4091 Toll Free 1-800-650-0039
Website: www.hrda.ns.ca

Hants Regional Development Authority
Box 2313
Windsor, NS B0N 2T0
Tel: (902) 798-2284
Enfield Office: (902) 883-3338
<http://www.hantscounty.com>

Straits Highlands Regional Development
Authority
P.O. Box 2200
32 Paint St.
Port Hawkesbury, NS B0E 2V0
Tel: 625-3929
Fax: 625-1559
Website: www.strait-highlands.ns.ca

Kings Community Economic Development
Agency
28 Aberdeen Street, Ste. #5
Kentville, NS B4N 2N1
Tel: (902) 678-2298
Fax: (902) 678-2324
Website: www.kingsced.ns.ca

Pictou Regional Development Commission
Business Service Centre
980 East River Road
New Glasgow, NS B2H 3S5
Tel: (902) 752-6159
Toll Free: 1-888-412-0072
Fax: (902) 755-2722
Web: www.wearepictoucounty.com

South West Shore Development Authority
P.O. Box 131
Yarmouth, NS B5A 4B1
Tel: (902) 742-3210
Fax: (902) 742-3107
Website: www.swsda.com

Western Valley Development Authority
P.O. Box 278
86 Atlantic Ave.,
Cornwallis Park, NS B0S 1H0
Tel: (902) 638-8100
Fax: (902) 638-8101
website: www.wvda.com

Travel Trade Organizations

Canada

Association of Canadian Travel Agencies
(ACTA)
130 Albert Street, Suite 1705
Ottawa, ON K1P 5G4
Tel: 613-237-3657
Fax: 613-237-7052
Website: www.acta.ca

Canadian Bus Association (CBA)
451 Daly Avenue
Ottawa, ON K1N 6H6
Tel: 613-238-1800
Fax: 613-241-4936
Website: www.buscanada.ca

Ontario Motor Coach Association (OMCA)
4141 Yonge Street, Suite 306
Toronto, ON M2P 2A8
Tel: 416-229-6622
Fax: 416-229-6281
Website: www.omca.com

United States

American Bus Association (ABA)
700 13TH St., NW, Suite 575
Washington, DC
20005-5923
Tel: 202-842-1645
Toll free: 1-800-283-2877 (US and Canada)
Fax: 202-842-0850
Website: www.buses.org

American Society of Travel Agents (ASTA)
1101 King St., Suite 200
Alexandria, VA 22314
Tel: 703-739-2782
Fax: 703-684-8319
Website: www.astanet.com

Group Leaders of America, Inc. (GLAMER)
P.O. Box 129
Salem, OH 44460
Tel: 1-800-628-0993
Fax: 330-337-1118
Website: www.glamer.com

International Association of Convention &
Visitor Bureaus
2025 M Street, NW Suite 500
Washington, DC
20036
Tel: 202-296-7888
Fax: 202-296-7889
Website: www.iacvb.org

CrossSphere (formerly NTA)
546 E. Main Street
Lexington, KY
40508
Tel: 606-226-4444
Toll free: 1-800-682-8886
Fax: 606-226-4414
Website: www.crosssphere.com

Travel Industry Association
1100 New York Avenue, NW, Suite 450
Washington, DC
20005-3934
Tel: 202-408-8422
Fax: 202-408-1255
Website: www.tia.org

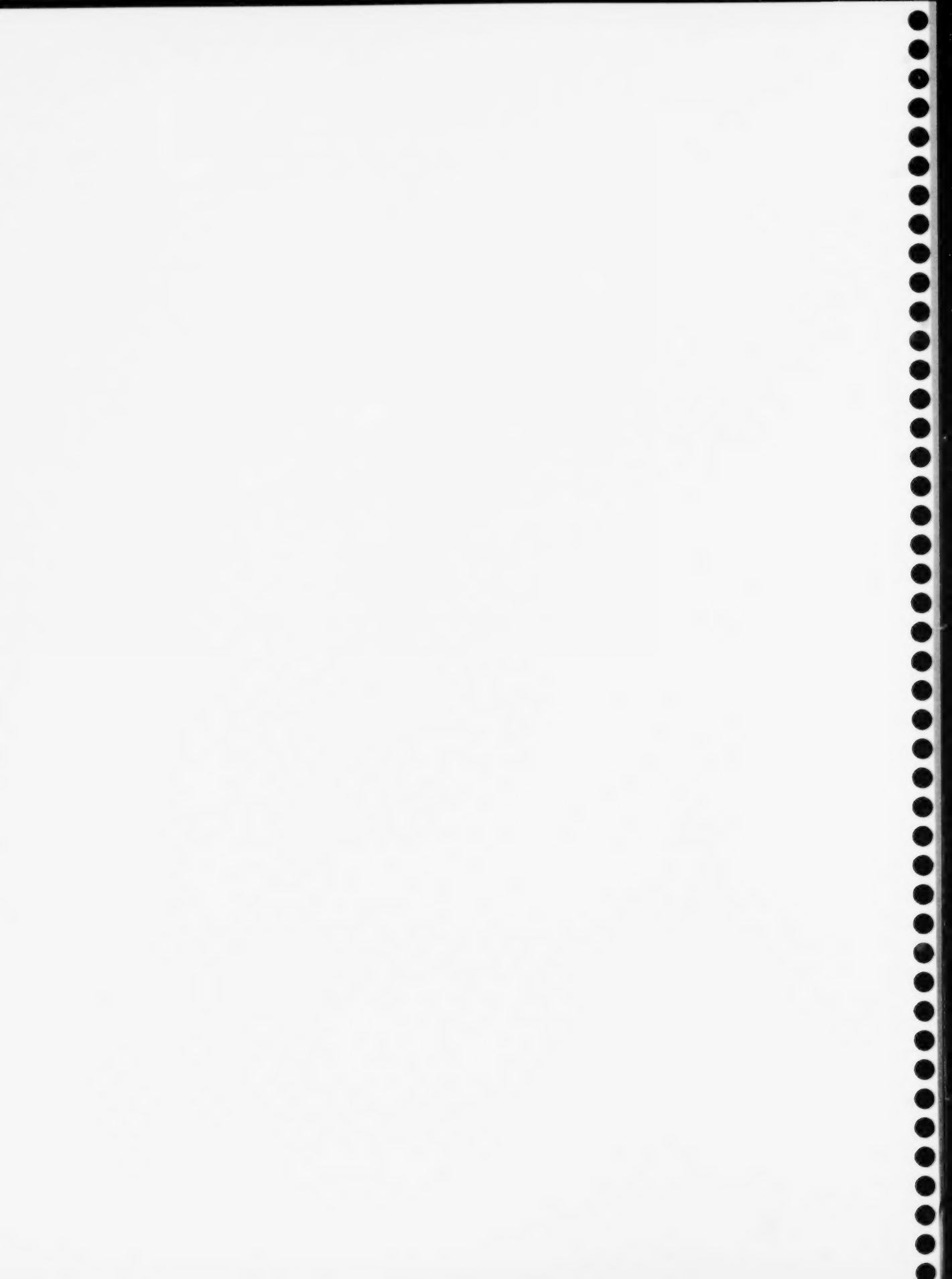
Travel and Tourism Research Association
(TTRA)
PO Box 2133
Boise, ID
83701-2133
Tel: 208-853-2320
Fax: 208-853-2369
Website: www.ttra.com

United States Tour Operators Association
(USTOA)
275 Madison Avenue, Suite 2014
New York, NY
10016
Tel: 212-599-6599
Fax: 212-599-6744
Website: www.ustoa.com



APPENDIX II

Sample Codes of Ethics in Adventure Tourism



APPENDIX II

SAMPLE CODES OF ETHICS AND PRACTICE IN ADVENTURE TOURISM

NOVA SCOTIA ADVENTURE TOURISM ASSOCIATION

Code of Ethics

Ensuring that the environmental, social, cultural, economic and aesthetic needs and expectations of the community and their customers are included in the formulation of policies, plans and decisions, and result in the provision of quality goods and services.

Ensuring operations are designed and conducted in a manner that will conserve resources, minimize or eliminate environmental damage, and where possible, enhance environmental situations.

Continually evaluating new information, technologies and services, thus providing themselves and their employees with opportunities for development, environmental education and protection, and improved customer service.

Acting with a spirit of cooperation within the industry and related sectors to foster greater public awareness of the economic, social, cultural and environmental significance of tourism.

Enhancing our natural, historic, cultural and aesthetic resources as a legacy for present and future generations, through encouraging establishment of parks, wilderness reserves and protected areas.

**APEC/PATA (Pacific-Asia Travel Association) Code for Sustainable
Tourism**
(Adopted 2001)

- Conserve the natural environment, ecosystems and biodiversity
 - **CONTRIBUTE** to the conservation of any habitat of flora and fauna affected by tourism
 - **ENCOURAGE** relevant authorities to identify areas worthy of conservation and to determine the level of development, if any, that would be compatible in or adjacent to those areas
 - **INCLUDE** enhancement and corrective actions at tourism sites to conserve wildlife and natural ecosystems.
- Respect and support local traditions, cultures and communities
 - **ENSURE** that community attitudes, local customs and cultural values, and the role of women and children, are understood in the planning and implementation of all tourism related projects
 - **PROVIDE** opportunities for the wider community to take part in discussions on tourism planning issues where these affect the tourism industry and the community
 - **ENCOURAGE** relevant authorities to identify cultural heritage worthy of conservation and to determine the level of development if any which would be compatible in or adjacent to those areas
 - **CONTRIBUTE** to the identity and pride of local communities through providing quality tourism products and services sensitive to those communities.

APEC/PATA (Pacific-Asia Travel Association) Code for Sustainable Tourism cont'd

- Maintain environmental management systems
 - **ENSURE** that environmental assessment is an integral step in planning for a tourism project
 - **ENCOURAGE** regular environmental audits of practices throughout the tourism industry and to promote desirable changes to those practices
 - **ESTABLISH** detailed environmental policies and indicators, and/or guidelines for the various sectors of the tourism industry
 - **INCORPORATE** environmentally sensitive design and construction solutions in any building or landscaping for tourism purposes.
- Conserve and reduce energy, waste and pollutants
 - **FOSTER** environmentally responsible practices for:
 - reducing pollutants and greenhouse gases,
 - conserving water and protecting water quality,
 - managing efficiently waste and energy,
 - controlling noise levels and
 - promoting the use of recyclable and biodegradable materials.
 - Encourage a tourism commitment to environments and cultures
 - **ENCOURAGE** those involved in tourism to comply with local, regional and national planning policies and to participate in the planning process
 - **FOSTER**, in both management and staff of all tourism projects and activities, an awareness of environmental and cultural values
 - **ENCOURAGE** all those who provide services to tourism enterprises to participate through environmentally and socially responsible actions
 - **SUPPORT** environmental and cultural awareness through tourism marketing.

**APEC/PATA (Pacific-Asia Travel Association) Code for Sustainable
Tourism cont'd**

(Adopted 2001)

- Educate and inform others about local environments and cultures
 - **SUPPORT** the inclusion of environmental and cultural values in tourism education, training and planning
 - **ENHANCE** the appreciation and understanding by tourists of natural environments and cultural sensitivities through the provision of accurate information and appropriate interpretation
 - **ENCOURAGE**, and support research on the environmental and cultural impacts of tourism.
- Cooperate with others to sustain environments and cultures
 - **COOPERATE** with other individuals and organisations to advance environmental improvements and sustainable development practices, including establishing indicators and monitoring

Canada's Code of Ethics & Guidelines for Sustainable Tourism

The Canadian Tourism Industry Vision

Canada will be the premier four-season destination to connect with nature and to experience diverse cultures and communities.

The Canadian Tourism Industry Mission

Canada's tourism industry will deliver world-class cultural and leisure experiences year round, while preserving and sharing Canada's clean, safe and natural environments. The industry will be guided by the values of respect, integrity and empathy.

The Tourism Industry Association of Canada and Parks Canada Definition of Sustainable Tourism

Sustainable tourism actively fosters appreciation and stewardship of the natural, cultural and historic resources and special places by local residents, the tourism industry, governments and visitors. It is tourism which is viable over the long term because it results in a net benefit for the social, economic, natural and cultural environments of the area in which it takes place.

Ethics

The Canadian tourism industry is guided by the values of *respect, integrity and empathy* in designing, delivering and marketing sustainable tourism products, facilities and services.

Ends

A sustainable tourism industry that:

- Promotes sensitive appreciation and enjoyment of Canada's natural and cultural heritage, contemporary landscapes, cultures and communities.
- Balances economic objectives with safeguarding and enhancing the ecological, cultural and social integrity of Canada's heritage.
- Shares responsibility by being a full participant and contributor to the economic, environmental and cultural sustainability of the destinations and assets it utilizes.

Benefits

The tourism industry recognizes that fostering sustainable tourism practices addresses its *triple bottom line* of economic, environmental and social performance.

Travellers benefit from:

- Access to high-quality products and services that support positive experiences and respect socio-cultural and environmental sustainability;
- Access to opportunities that support a variety of service interests, recreational interests, skill sets and income levels; and
- Opportunities, now and in the future, to experience natural, cultural and social environments that have retained their integrity.

Tourism providers benefit from:

- Lower costs through more efficient use of resources and the reduction of waste;
- Sound planning and management of new and existing tourism opportunities, which leads to increased business certainty over the long term; and
- Canada's improved global competitive position through heightened recognition as a world leader in the implementation of sustainable tourism practices.

Host communities benefit from:

- Positive contributions to their natural, social and cultural environments and economic well-being;
- Respect for their rights and values; and
- Full participation in the decisions which affect the development of their community as a tourism destination.



Parks
Canada

Parcs
Canada

Canada

Guidelines

We regard Sustainable Tourism as a guiding concept for the sound management of Canada's tourism experiences. We will honour the following guidelines in balancing economic objectives with respect for the natural, cultural and social environments in which we work.

To this end, we will:

1. Protect Natural and Cultural Heritage Resources

Support and contribute to the protection, enhancement and restoration of the integrity of natural and cultural heritage resources and places; encourage the establishment of parks, sites and reserves; support legislation to ensure protection of historic places and resources; condemn wilful destruction of heritage resources; and work to enhance public awareness and involvement in the protection of heritage.

2. Promote Appreciation and Enjoyment

Enrich travel experiences, understanding and enjoyment by providing accurate information, engaging presentations and opportunities to connect with Canada's natural and cultural heritage; and foster support for the protection and sensitive use of heritage resources and places.

3. Respect and Involve Host Communities

Respect the rights and values of host and local communities, property owners and Aboriginal peoples; educate communities about the importance of tourism and provide them with a meaningful role in planning and decision-making for the design, development and delivery of tourism programs and services; and optimize the long-term economic, social, cultural and environmental benefits to the community.

4. Influence Expectations and Use

Influence traveller expectations through marketing, trip-planning materials and tourism activities which foster responsible use and enjoyment of our nature, culture and communities; and support leading-edge services and facilities that respect heritage resources and places while achieving economic goals.

5. Minimize Impacts

Limit the negative impacts of tourism on the natural and cultural environment through the responsible use of resources, effective waste management and minimizing of pollution; limit activities, services and facilities to levels that do not threaten the integrity of heritage resources or systems while continuing to support economic goals and traveller access; and seek innovative solutions to mitigate or avoid undesirable environmental, social and cultural impacts.

6. Raise Awareness

Conduct research to expand the knowledge base upon which sound sustainable tourism decisions depend; share the knowledge through education programs, staff training and scholarships; and recognize excellence and best practices through awards and accreditation programs.

7. Work Together

Advance sustainable tourism by working with governments, communities, stakeholders, travellers and other industries to agree upon common goals, contribute to co-ordinated and co-operative actions, exchange information, technologies and solutions, and develop shared plans.

8. Contribute Globally

Show leadership in sustainable tourism by honouring international commitments; participate in international policy development and initiatives; contribute to the building of capability on a world scale; and share best practices and technologies with other countries.



Canada



APPENDIX III

Financing

APPENDIX III

FINANCING

Few people starting a business have enough personal capital to do it on their own. It is much more common for entrepreneurs to need other investors and, usually, some loan capital as well. This section deals with the "how to's" of arranging financing for your adventure tourism business.

It is important that you learn the basics of business finance if you are going to be seen as credible and competent by a banker or other lender. They don't expect you to be an expert on financing but they do expect you to know enough to be able to meet their needs and provide reassurance about their major concerns. They also expect you to know enough about business finance to be able to manage your business' financial affairs over time.

Rule number one is that you must invest significantly in the business yourself. You have to have your own neck on the line if others are going to risk their capital on your enterprise. Having other equity investors will be helpful, but the lenders will look to the managing principals to have a major, personal equity stake in the business.

Rule number two is that you have to have a credible business plan and preferably a feasibility study too to provide evidence that the business is going to be able to succeed and pay back its financing: first its loans and secondly its outside equity investors.

Bankers and lenders are not risk takers. They not only want the foregoing, they also want some additional security in the form of assets pledged to protect the loan.

We will now briefly explore the different types of financing available and then consider the "how to's" of applying for a loan.

Equity Capital

Your own investment in the business, be it cash, buildings or equipment, is the primary source of equity. Additional equity capital will be invested by partners, limited partners, or other investors who are willing to risk their capital on your idea and your abilities.

Venture Capital Companies

There are many venture capital companies in Canada who invest in small-to-medium size businesses that have growth potential. Venture capital companies commonly invest between \$100,000 and \$500,000.

These companies will put in risk capital but only in ventures that have the potential to grow dramatically and pay large returns within four to five years. They will want to sell their investment after four or five years and realize their gain.

Typically, venture capitalists invest in high tech and other high growth companies when they are in their fledgling stages. While most tourism enterprises don't have the same kind of growth potential, some may, particularly if there is the opportunity to franchise a good concept. Otherwise, this is not a very likely source of financing.

The key things venture capitalists are looking for are:

- Rapid growth potential;
- Strong, committed management;
- A seat on the Board of Directors and pre-emptive rights to replace management if they don't perform on target;
- Large returns over a limited number of years.

Debt Financing

Loans are the predominant form of financing for the tourism industry in Nova Scotia and elsewhere in Canada.

A key lending principle is that long-term assets are financed with long-term loans and short-term assets are financed with short-term loans. Working capital should be financed by a short-term line of credit. In other words, the type of financing should fit the useful life of the asset in the business.

Another key principle, often ignored, is that a business should never commit to loan obligations that it can't comfortably support from its earnings. As a general rule, the lenders will want the business to be able to generate cash flow which is at least 1.1 times, and perhaps as much as 1.5 times, the amount required to repay both principal and interest on an annual basis.

In addition, your loan financing, combined with your equity financing should be sufficient to cover all your costs, and should provide for contingencies in the event of unexpected costs or overruns in development costs. Otherwise, the working capital of the business will be absorbed by capital commitments and the ability of the business to operate properly will be compromised, if not threatened.

Fixed Assets Financing

Fixed assets are assets fixed in one place, such as land and buildings. They are assets that generally have a long life. Such assets are normally financed with long-term debt, either a mortgage loan or a secured term loan. Mortgage loans extend for the longest period, while term

loans are normally for intermediate periods of five to fifteen years.

Lenders don't like to finance more than 75% of the value of assets in this way; they want the rest covered by equity. The lender looks to the projected earning power of the business to pay off the loan, although they also want the security of a claim on the assets themselves in the event of default. They will expect a business plan from you and may also want a feasibility study.

Long-term lenders also look at the overall financing of the business, not just the financing of their secured assets. They look at the debt/equity ratio and don't like to see a ratio of more than 1.5 or 2.0 at the most (1.5 or 2 times as much debt as equity).

Lenders may require other things from you. Typical requirements, in addition to the security for the loan, include:

- Personal guarantees of the main principals for the amount of the loan plus accrued interest;
- A postponement of the repayment of shareholder loans until the loan is repaid;
- Limitation on the salaries and drawings of the principals;
- Restrictions on major capital purchases until the loan is repaid.

Major Equipment Financing

As an adventure tourism operator, you are unlikely to have a requirement for major capital equipment. However, we have identified the techniques most often used to finance the purchase of major equipment. Long-term mortgage loans are not normally used to finance major equipment purchases. The techniques that are used most often include:

- Secured term loan;
- Conditional sales purchase;
- Equipment lease;
- Sale and leaseback.

Secured Term Loan

This is a standard term loan, generally of five to fifteen years, in which the equipment is taken as security for the loan, usually in the form of a lien.

Conditional Sales Contract

This is a method wherein the manufacturer of the equipment finances the purchase. The purchaser makes a down payment and monthly payments until the loan is paid off. The ownership of the equipment remains with the manufacturer until the debt is paid.

Lease

Leasing is a very common way to finance equipment. This is like the conditional sales contract, but leases are provided by many different financial institutions, not just equipment manufacturers. With a lease, the equipment is rented for a pre-set period of time at a fixed monthly payment that covers the cost of interest as well as a portion of the original value of the equipment. Depending on the type of lease, the equipment either reverts to the leasing company at the end of the term (although the lessee usually has an option to buy it for a pre-set value) or the lessee must buy it

for a pre-set amount at the end of the lease term.

The ownership of the assets usually resides with the leasing company.

Leases are popular since they don't require a large cash outlay at the beginning. They also provide a means of replacing equipment on a regular basis, since it can be returned at the end of the lease period and new equipment leased. It is also attractive for companies wanting to own the equipment, since they can buy it at the end of the lease period, probably for a quarter to a third of the original cost.

Sale and Leaseback

Companies wanting to reduce their existing debt so that they can borrow for new assets they require can sell a fixed asset to a financial institution and then lease it back. They effectively convert a long-term debt into a medium-term lease commitment.

Working Capital Financing

The financing of short-term working capital is generally done with some combination of the following:

- Bank line of credit;
- Character loans;
- Commercial loans.

There are other methods, such as accounts receivable financing and factoring, but they are very unlikely to be used by an adventure tourism business.

Bank Line of Credit

This is called a demand loan since the bank can demand payment at any time. The line of credit is really an overdraft privilege with a pre-set limit. It allows you to pay your bills with the bank's money when you're short of cash. The amount of the loan is the amount used and interest is only paid on the amount used.

The bank may require you to pledge your receivables as security for the line of credit and they will probably want regular financial statements and frequent lists of payables and receivables. They will also want personal guarantees.

A hybrid of this is the revolving loan, in which the bank automatically extends you small loans as you draw on the credit available and automatically pays them off as you make deposits. While you may pay interest on a slightly larger average loan, the interest rate is usually lower.

The bank will monitor your line of credit. They like to see it fluctuate and occasionally go to zero. If it is constantly at the limit, they will get concerned. If this happens, you probably should refinance the business to return the line of credit to a fluctuating loan.

Character Loans

These are unsecured loans, generally short-term, which are extended to companies or individuals with excellent credit ratings. The funds can be used at the company's discretion.

Commercial Loans

These are more formal loans intended for short-term uses. The bank generally wants payments on a regular basis and the loan paid off within a year.

Sources of Financing in Nova Scotia

There are a number of agencies which offer financial assistance for tourism related businesses in Nova Scotia.

There are a number of agencies which may offer financial assistance for tourism related businesses in Nova Scotia.

The **Business Development Bank of Canada** (BDB - formerly the Federal Business Development Bank) is a federal crown corporation that offers innovative financial and management services that address the unique needs of today's small and medium sized businesses. Assistance is available in the form of loans, loan guarantees, and venture capital. Contact the Business Development Bank of Canada for more specific program details.

The **Canada/Nova Scotia Business Service Centre** (www.cbbsc.org/ns/) provides a variety of helpful information including potential sources for funding programs.

The **Nova Scotia Office of Economic Development** can potentially offer funding assistance through various programs including the Small Business Loan Program. Check out their website at www.gov.ns.ca/econ/

Another potential funding source is the **Atlantic Canada Opportunities Agency** (ACOA), which has various assistance programs for business. The programs are designed to help you set up, expand, or modernize your business and focus on small-and medium-size businesses. They can provide tourism-related businesses with access to capital in the form of interest-free, unsecured, repayable contributions. ACOA may also have funding programs available for community development initiatives, such as community attractions. Contact ACOA (or Enterprise Cape Breton Corporation for businesses in Cape Breton) for information on eligibility and program details.

Finally, the **Canada Small Business Financing Act** is a federal government program designed to help new and existing small business enterprises obtain term loans from chartered banks and other lenders for financing the purchase and improvement of fixed assets. Loan assistance is available for the purchase of land, construction or renovation of premises, and purchase of new equipment. The program is delivered through private-sector financial institutions. Further information on the Small Business Financing Act is available from ACOA or your lender.

The Canadian Tourism Commission (CTC) released a publication in 1998 entitled "**A Road Map to Tourism Financing: A Guide for Small and Medium-sized Businesses**" which you may find useful. It can be obtained through their website at www.canadatourism.com or by contacting them directly (see the listing in Appendix I).

Your Presentation and Negotiations

The First Step

First of all, put together a short description of your business concept, in point form if possible, and review it with your local economic development officer or a representative of the Regional Development Authority. They will be able to help you identify what you need if your application is to be considered favourably by a banker.

Next, make an appointment with the manager or loan officer and go to meet with them. (It will help if you review this section before you go so you are able to discuss financing options with some knowledge.)

Make it clear at the outset of your meeting that this is intended to be a preliminary meeting, designed to help you prepare the specific information they are going to need to process your application. It is vital that they understand that you aren't applying for financing at this point, only looking for information and advice regarding a possible later application. They are used to people coming in to make actual applications for financing without having any idea of what's involved. Those people instantly have two strikes against them. Make sure they don't cast you into this lot!

By giving them an overview of the business concept, they will be able to focus in on the forms of financing and types of conditions most appropriate for your business. You may, in fact, learn that they are not the right kind of institution at all and save yourself later frustration.

There are several other advantages of having this initial meeting:

- You will be able to focus your subsequent presentation to them on the things that they indicate will be most important and avoid wasting effort on things that aren't important.
- You will get a sense of the aspects of your concept that make them most nervous and you will be able to concentrate your later presentation on overcoming these concerns.
- It will impress them that you are taking a professional approach; that you recognize their need for information and evidence of the merits of the proposal; and that you have sought their advice. The psychology of this can be most valuable later; they will write in their file, "The principal of this business is taking a professional approach to preparing his or her application," or some such supportive comment.

The Second Step - Preparing Your Presentation

In preparing your written presentation, you will need, directly and indirectly, to address a number of specific concerns that the financial institution will inevitably have:

- The viability of the business concept - potential earnings, risk factors, competitive advantages/disadvantages. With existing businesses, they will, of course, be interested in past growth, revenues, and earnings as well.

- The tourism industry and the adventure tourism sector in particular - viability, trends, growth.
- The ability of projected earnings to service the financing.
- The opportunity for growth over time.
- The management abilities of the principals - their track records in past projects or jobs, their experience in this kind of business, their formal training and education.
- The financial integrity of the principals - past credit history, reputation in the business community for paying bills and fulfilling obligations.
- The amount of equity in the business, particularly from the main principals.
- The realizable value and marketability of the security that is available to secure the financing.
- The level of professionalism evident in the approach to securing financing - the understanding of the needs of the lender, the use of outside professionals.

The actual presentation will address these issues in the context of the suggested table of contents in Exhibit III-1. If you have already prepared a business plan and/or a feasibility study, you can attach them to the submission and reference them where appropriate.

The presentation need not be exhaustive. It can be in a summary form and use bullets to make the points concisely. The financial institution will come back to you for more information where they need it.

You should submit the presentation in person, making an appointment, and then make another appointment to come back and discuss the presentation once they've had a chance to read it.

Negotiations

Honesty and openness in negotiations are critical. It isn't just because you don't want to be caught in deceit or concealment of information, it's also because you are going to have to establish a relationship of mutual trust and maintain it over a period of years. If the financier has any reason to doubt your trustworthiness, honesty, or openness, you will find it very hard, indeed, to get your loan approved.

Discuss your own concerns openly: how you intend to deal with the risks and uncertainties, what you expect to do about major problems that might arise. In general, have an open and full discussion of how the business is going to overcome its challenges. Financiers know very well what can go wrong with a business and they believe in Murphy's Law. In fact, they tend to be cynical about small business, unfair as that may seem. They want you to make them comfortable and give them confidence in your ability to deal with problems.

Don't be intimidated. If you don't understand something, ask. If you don't agree with something, say so. If you think they are being unreasonable in their demands, ask them to explain why the demands are necessary and debate the issue.

At all times be open-minded, non-judgemental, and cool.

This is a normal negotiation. You are free to go elsewhere to get the best deal for your business. However, we recommend that you approach one lender at a time. When you find someone you like and can deal with, stick with them. You should always deal with your banker in good faith. If the manager doesn't think you are serious, or thinks you are wasting his or her time, then you will have difficulty obtaining the financing you require.

Try to get the manager/loan officer to leave their office and come to see your site; give them the tour. Getting them out of their environment into yours is good psychology, and it will help them see your proposal in a more substantial way. It will be real, not just a paper project.

It will take some time and effort to accomplish, but you want to draw your financier into a partnership-style relationship, where they will be more concerned with keeping your business afloat and helping you out, rather than worrying about their loan and wishing you'd take your business elsewhere.

Put yourself in their shoes and act accordingly. Keep them informed. Act like you are in a partnership relationship and treat them like your partner. Hopefully, they will respond in kind.

EXHIBIT III-1

SUGGESTED TABLE OF CONTENTS FOR A BUSINESS PLAN, SUITABLE FOR A PRESENTATION FOR FINANCING

Executive Summary:

- Very brief description of the business, the concept proposed, and the capital budget
- An outline of proposed financing
- Summary of revenue and cash flow projections

Background:

- Industry/general tourism trends
- History of the company, date of commencement
- Form of business (partnership, etc.)
- Names of the principals, their involvement, and investment

Business Concept:

- The development concept
- Its unique selling propositions and competitive advantages
- The product mix/product features
- Target markets
- Location and site description
- Proposed assets and capital budget
- Purchase price
- Project phasing

Proposed Financing:

- Equity
- Debt
- Working capital
- Security available

Management:

- Organizational structure
- Biographies of principals and key management

EXHIBIT III-1 cont'd

SUGGESTED TABLE OF CONTENTS FOR A BUSINESS PLAN, SUITABLE FOR A PRESENTATION FOR FINANCING

Markets and Projected Demand:

- Summary of results of market research and analysis
- Comparable information
- Competitive analysis
- Market trends
- Demand projections

Marketing:

- Pre-opening activities/opening promotions
- Summary of the consumer marketing plan
- Summary of the travel trade and group marketing plan
- Marketing partnerships
- Pricing
- Planned market tracking and research

Operations Plan:

- Staffing and training plan
- Business systems
- Other operational issues

Three to Five Year Operating Projections:

- Revenues
- Operating Costs
- Profits
- Debt service
- Asset additions
- Net cash flow

Initial Balance Sheet:

- Assets
- Liabilities
- Equity

EXHIBIT III-1 cont'd

SUGGESTED TABLE OF CONTENTS FOR A BUSINESS PLAN, SUITABLE FOR A PRESENTATION FOR FINANCING

Return on Investment:

- Internal rate of return or simple return on investment
- Present value of cash flow
- Times interest earned
- Breakeven analysis

Summary of Key Risks and Contingencies:

- Key risks and management's proposed responses to such threats
- Contingency plans to deal with above

References:

- Financial institutions
- Creditors
- Past business associates - customers, suppliers, partners, etc.
- Banker, lawyer, accountant



APPENDIX IV

***Calculation of Net Income. Cash Flow
and Return on Investment***

APPENDIX IV

CALCULATION OF NET INCOME, CASH FLOW AND RETURN ON INVESTMENT

This appendix presents the calculation of net income and cash flow as well as methods of calculating return on investment, based on professional, accepted standards of analysis.

The proper way to determine the real profitability of a business and its return on investment is to first calculate net profit, in accordance with established accounting principles and in the way Revenue Canada calculates business income taxes. By following this method, it is possible both to determine your projected level of income taxes and determine the actual net cash return accruing to you and your investors.

However, there is also a shortcut method which is simpler and will also render a cash flow calculation, although the numbers will, in this case, be pre-tax. If it is your purpose to determine the basic viability of the business proposal by measuring return on investment, pre-tax returns can be just as useful as net returns. We will discuss this latter method first.

The short-cut way of calculating cash flow is simply to start with Operating Profit, deduct total mortgage payments (both principal and interest), and deduct any capital Asset Replacement allowance. This will give you the net cash flow, prior to business income taxes. It is simpler, by far, than going through a detailed calculation (which is only required to derive income taxes), and the pre-tax numbers can be just as readily used for return-on-investment analysis.

To complete a detailed analysis, we need to determine pre-tax profit, net profit and net cash flow. Pre-tax Profit is the Operating Profit minus all other charges against income. These are the non-operating costs of the business, and they include:

- Interest on long-term debt;
- Depreciation.

To calculate the interest on your proposed debt financing, we need to split the mortgage payments between the interest and principal portions for each year. A mortgage program can do this for you. Ask your accountant or your banker to run the numbers for you.

Depreciation should be charged at the Capital Cost Allowance (CCA) rates set out by Revenue Canada for each type of asset. Generally, these are calculated on a diminishing balance basis (a constant percentage is applied each year against the un-depreciated balance in the asset account), although some assets can be depreciated on a straight-line basis (an equal portion of the original amount each year). Check with your accountant or Revenue Canada for the CCA rates applying to the major asset items proposed for your operation.

Net Profit is Pre-tax Profit less corporate income taxes. Business income taxes are levied against pre-tax profit. Ask your accountant which tax rates would apply to your business.

The resulting figure, Net Profit, is the accountant's way of telling you what the real profit is in your business. It is a figure which includes the profit that is available to you and your investors at the end of the year as well as the principal portion of any debt that has been paid off, after adjusting for the amortization of the original cost of the assets in the business (depreciation or CCA). In other words, it's the accrued change in the book value of the net worth of the business (i.e. assets less liabilities).

However, this is not the same figure as the amount of real cash you have available from the business, since it includes the principal portion of mortgage payments which have been made and it also ignores any new capital expenditures which have been made over the year (expenditures which would have been capitalized rather than expensed against that year's income). Net Profit is also net of capital cost allowance or depreciation. Indeed, as this is a book entry and not a real cash flow charge, it only distorts the cash flow picture.

To calculate Net Cash Flow, which is the real cash figure, you need to start with Net Profit, add back the depreciation or capital cost allowance, deduct the principal portion of mortgage payments (the interest portion has already been deducted) and deduct an allowance for capital purchases (Asset Replacement) for the year. This is the real cash return - the cash flowing out of the business for the year and available for you and your investors to take out or re-invest.

The short-cut way of calculating cash flow is simply to start with Operating Profit, deduct total mortgage payments (both principal and interest), and deduct any capital Asset Replacement allowance. This will give you the net cash flow prior to business income taxes. It is simpler by far than going through the detailed calculation above (which is only required to derive income taxes), and the pre-tax numbers can be just as readily used for return-on-investment analysis. A worksheet is provided in Exhibit IV-1.

Return on Investment Methods

Return on Investment is generally referred to as ROI. Another measure of value is Return on Equity (ROE).

These calculations give you a single measure of the income returned on the invested capital over a period of future years selected by the analyst to represent the life of the investment. ROI is a measure of the return on total capital, both debt and equity, while ROE is the return on equity only. These measures are universally accepted by investors, bankers, and other lenders as means of evaluating the income potential of a business investment.

EXHIBIT IV-1

CALCULATION OF PROFIT (LOSS)

	Mature Year	1	2	3	4	5
Revenue						
Total Operating Expenses						
Operating Profit						
Less: Mortgage Payments (P & I)						
Less: Capital Replacement Allowance						
PRE-TAX CASH FLOW						

There are a number of ways to make these calculations, some more complex than others. The more complex methods are, of course, the better methods. We will start with the simplest.

Simple Average Pre-Tax or Net ROI/ROE

For a particular year, ROI is the pre-tax cash flow plus the interest for the year on long-term debt, as a percentage of the original total investment (equity plus long-term debt).

$$\text{ROI} = \frac{\text{Pre-tax or Net Cash flow} + \text{Interest on Long-Term Debt}}{\text{Original Equity} + \text{Original Long-Term Debt}}$$

ROE is the pre-tax or net cash flow as a percentage of the original equity investment.

$$\text{ROE} = \frac{\text{Pre-tax or Net Cash Flow}}{\text{Original Equity}}$$

These numbers can be averaged over a number of years, say ten years, to give an average pre-tax ROI or ROE figure.

These are the simplest calculations. However, they are not well regarded by serious financial analysts because they ignore the time value of money. What we mean is that they give the same value to a dollar earned in the tenth year as they do to a dollar earned in the first year. In reality the present value of a dollar earned in the tenth year is really only a portion of a dollar.

However, the simplicity of this method is its beauty and it is easy to understand. Most bankers will accept such numbers for their purposes. If you are not pressed for a more sophisticated calculation, leave it at this.

For a project to be commercially feasible, the ROI and ROE values have to be positive (i.e. the business is making, not losing, money) and they should exceed the costs of alternative, no-risk investments, such as bonds or guaranteed investment certificates. If they don't exceed these alternatives, why bother taking the risk? Just put your capital in guaranteed investments.

Another factor determining what is a satisfactory return is liquidity. Liquid investments, blue chip stocks and bonds, for example, can be readily and quickly sold, at little cost. An equity stake in a small adventure tourism business, however, may be difficult if not impossible to sell, and there may, in fact, be an agreement among the investors restricting their rights in this respect.

The degree these rates of return exceed no-risk investments is primarily determined by the level of risk inherent in the business proposal and, to a lesser degree, the level of liquidity.

Looking at an adventure tourism business, its advantages are:

- Low capital investment;
- In most cases, the business can easily be relocated to other sites;
- Operating costs are usually highly variable meaning that it is easier to match costs to revenues and therefore the financial risk is relatively low.

Disadvantages include:

- It takes time and money to develop the market and growth in the business is likely to be gradual;
- Little, if any, assets to provide security for financing.

Everyone has a different view on these matters, but we suggest the following guidelines:

ROI (assuming 50% debt and 50% equity):

- Double the interest rate on long-term debt is **excellent** (provides four-times coverage of interest on debt) (NB: - For the ROI to be double the interest rate, the ROE has to be three times the interest rate.);
- 150% of the interest rate is **good** (provides three-times interest coverage) ;
- 100% of the interest rate is **poor** from the investor's standpoint - there is no premium for risk but not bad from the banker's perspective, he or she has two-times coverage on interest;
- Less than 100% - is **not a commercially feasible** proposition and probably not bankable, since the lender has little or no income protection.

Assuming the financing was 50/50 debt/equity and that the interest rate on long-term debt was 10% per annum, an ROI of 20% would produce an ROE of 30%.

ROE :

- Triple the interest rate on long term debt is **excellent**;
- Double is **good**;
- Equal to the interest rate is **poor**;
- Less than the interest rate is **unfeasible**.

Times Loan Payment Coverage

Bankers look at the income protection on their loan. Basically, they want to see operating profit of at least double the level of annual loan payments. Thus, if there was a 50% deterioration in net income, the business could still cover its loan payments. For higher risk businesses, they will want to see triple or better coverage.

This judgement will also be affected by the amount and quality of security you have put up for the loan. If they don't have to rely on business income for loan repayment, they may be a little less demanding on times coverage.

Detailed Return-on-Investment Methods

The more sophisticated methods of calculating return on investment are summarized below. Both of them share the benefit of accounting for the time value of money in calculating return on investment.

Internal Rate of Return (IRR):

This method calculates the percentage of rate of return generated from a stream of income over time, relative to the amount of the original investment. Net cash flow is usually used to represent income, although a pre-tax IRR can be calculated too, if you are using the simpler pre-tax cash flow method of projecting earnings.

Essentially, this method determines the discount rate (rate of return) that, when applied to each future year's cash flow, will result in a total cash flow for all the years equal to the original investment.

Ask your banker or your accountant to do this calculation for you. Most spreadsheet programs today will perform this calculation. To do it manually, you have to be a mathematician!

Net Present Value (NPV):

Net present value (NPV), sometimes called warranted investment, is a very useful ROI measure. Rather than determining the rate of return itself, it asks you to establish a target rate of return and then discounts each year's cash flow at this rate to calculate the level of investment warranted for the project. In other words, it tells you how much you can afford to invest to produce the desired rate of return from the projected cash flow. If the warranted investment is higher than the actual investment required, the project will exceed the target rate of return and vice versa.

Again, the NPV calculation can be done by your accountant or banker.

Time Period for Projections

What time period should we use in measuring ROI?

A primary consideration in this respect is the expected useful life of the investment. The useful life of an investment can be many years. Buildings, for example, can have an effective life of a century or more. Rolling stock may be good for twenty years or more. Other assets may have a much shorter useful life. Assuming, however, that you will be spending enough annually to refurbish or replace items on a periodic basis, the useful life of the assets in the business will be extended indefinitely into the future. On the other hand, new competition could weaken your ability to maintain the business on this basis and its life would be shortened as a consequence. As a result, the expected useful life of an investment is not a sufficient consideration, on its own, for determining the time line for ROI analysis.

A second important consideration is the reliability period of future projections. Some experts believe that any projections beyond five years are so speculative that they are useless. (Some others believe one year is speculative!)

However, the key question is not really how accurate future projections can be but, rather, is it reasonable for you to rely on future income from the investment you're contemplating today and, if so, for how many years can you reasonably expect to continue to earn this income?

We would suggest that a five-year time line would probably be appropriate for an adventure tourism business. With reasonable management and investment in marketing, this should be readily achievable. In addition, there's not a lot of value in extending the time line significantly

beyond this, since, with the time-sensitive ROI methods, the impact of cash flow more than ten years in the future is quite small.

With the simple ROI method, you should not include years beyond the tenth year in the calculation, since to do so would distort the result by giving too much weight to cash flow in the distant future.

Break-even Analysis

Another useful analysis is break-even analysis. Some financial institutions like it because it paints a picture of the degree to which a projected level of business exceeds the minimum necessary to survive and provides a measure of the down-side protection in the projected numbers.

The break-even point is the volume of revenue at which all costs are covered and the business breaks even on a revenue-to-cost basis.

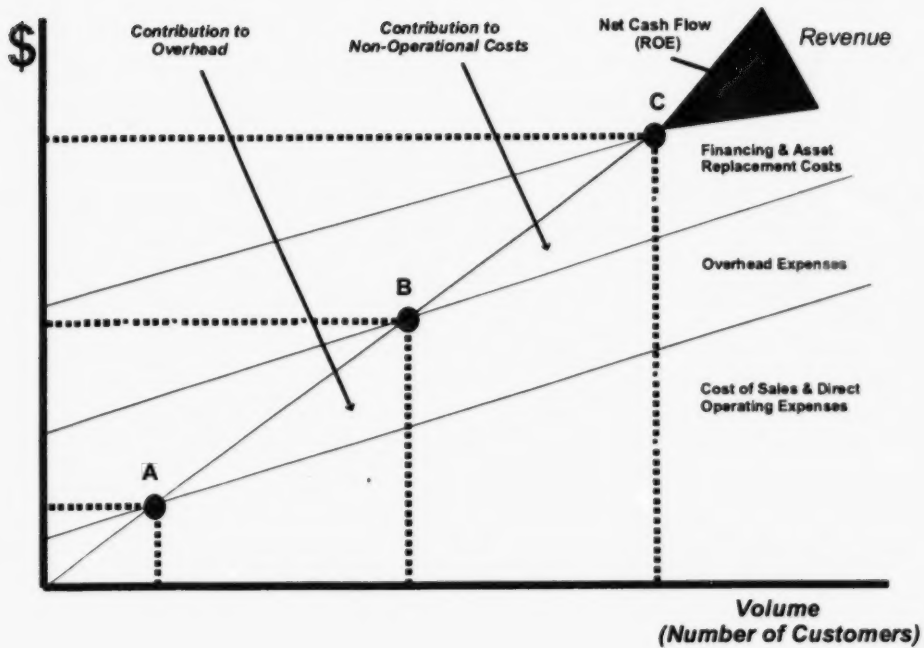
There are several different break-even points, as illustrated in Exhibit IV-2. The first comes when the intersection of volume of business and price produces enough revenue to cover variable operating costs (costs of sales and direct operating expenses). The amount of revenue in excess of variable costs is called Contribution to Overhead.

The second level happens when all operating costs, the variable costs as well as all overhead costs, are covered. The surplus is the Contribution to Non-Operating Costs or Contribution to Capital Related Costs.

The third level is when all costs of the business are covered. The surplus is Net Cash Flow or Return on Equity.

Break-even analysis is also very useful to management for the purpose of evaluating feasibility and also because it can be used in pricing and discounting strategies as part of a yield management process.

EXHIBIT IV-2 **BREAKEVEN ANALYSIS**



- A** Break even on variable costs (direct costs)
- B** Break even on variable & fixed cost (overhead costs)
- C** Full Break even - covers all variable & fixed costs, as well as financing & asset replacement costs

APPENDIX V

Business Structures



APPENDIX V

BUSINESS STRUCTURES

Alternative Forms of Business Structures

This section looks at alternative ways of setting up a business and deals with the major considerations you will face.

The alternative forms of business organization include:

- Sole proprietorship;
- Partnership;
- Corporation - the Limited Company and the Public Corporation;
- Limited Partnerships;
- Joint venture;
- Not-for-profit organization.

The features, advantages, and disadvantages of each organizational form are summarized below.

Sole Proprietorship

A sole proprietorship is just what it says. It involves one owner, and that owner and the business are one entity. In other words, the person owns the assets personally, and the liabilities of the business are the liabilities of that person. There is no legal form to a sole proprietorship, although it still has to register itself as a business for the purposes of business licensing and sales tax registration. The legal status of the business is the legal status of the owner as a citizen. The income of the business is the personal income of the owner.

The advantages of this form of enterprise include:

- Simplicity;
- Freedom to make your own decisions.

The disadvantages include:

- No limitation of personal liability for the owner;
- Nobody to share the responsibilities of running the business;
- Limited access to equity other than what you have available personally.

This form of enterprise is only feasible where the business is owned solely by an individual, or perhaps by a married couple, since the laws on marital property will govern the nature of the relationship between the parties.

Partnership

A partnership is a business form intended for two or more owners. Like the sole proprietorship, the owners of the business and the business itself are one and the same for legal purposes. The business has no legal status separate from the individuals involved. The liabilities of the business are the liabilities of the partners. In fact, each and every partner is liable for all of the liabilities of the business. Partners are assumed under the law to have equal interests in the business, unless their partnership agreement specifies differently.

The governing legal instrument is the partnership agreement drawn between the partners. It has legal status as a contract. It normally covers the key arrangements among the partners, for example:

- The proportions of partners' interest, if other than equal;
- Cross indemnification of personal liability;
- Provision for dissolution or transferring of interests in the partnership;
- The decisions to be made jointly by the partners;
- Prohibited activities;
- Provisions for life and disability insurance to assist surviving partners in acquiring the interest of the deceased or disabled partner, and compulsions on the partner or his or her estate to sell that interest to the surviving partners in the event of disability or death;
- The manner in which partners are to be compensated, as well as distribution of the partnership's profits and losses;
- Procedures for amending or terminating the agreement.

The advantages of a partnership are:

- Basic simplicity;
- Provides for more than one owner.

Disadvantages include:

- Unlimited liability for each partner for all of the liabilities of the business. The partners can have a mutual indemnification clause in their partnership agreement, which can partially offset some of the risk, but this only establishes a claim on the other partners in the event a partner is called upon to cover a business liability.
- Many partnerships fail because the partners do not adequately deal with issues such as those identified above as needing to be included in the partnership agreement.

Corporation

The corporation is a separate legal entity from its owners. It has the status of a person under law. It is created when Articles of Incorporation are filed with the Registry of Joint Stock Companies of the Nova Scotia government in the case of a provincial corporation, or the federal government in the case of a federally incorporated company. You have the choice of provincial or federal incorporation. (There is little point in a federal registration unless the same company is going to be doing business outside of Nova Scotia.)

A corporation issues shares to its owners and equity investors. The liability of the owners and investors is limited to the amount of their investment. (However, if they provide personal pledges or guarantees to the bank or other creditors on behalf of the company, their limited liability does not protect them for the specific liability involved.) In other words, for the most part the company's creditors have only the assets of the company as protection for their credit, not the assets of the owners. There are certain creditors and liabilities which do have a claim on the owners of an incorporated company including the Receiver General of Canada for employee source deductions, the Workers' Compensation Board, and employees for their back wages.

There are two forms of limited liability corporation, the private corporation and the public corporation. The private corporation is the one used by the vast majority of small-and-medium size businesses that are incorporated. In these cases, the investors are informally organized by the promoters of the business. Private corporations are not permitted to promote the sale of their shares to the general public.

In a public corporation, on the other hand, promoters are permitted to solicit the sale of the corporation's shares to the general public through investment dealers and other financial institutions. To do this, however, the promoters have to file detailed information on the business proposal and on many other topics to the Nova Scotia Securities Commission and receive approval to sell the share offering.

The cost of legal, consulting, and accounting fees in developing a prospectus can run to hundreds of thousands of dollars, so this form of business structure is only used for very large businesses.

The advantages of a corporation are:

- Limitation of owners' liability;
- Can have several owners/investors;
- The business can enter into contracts and conduct business in its own name, rather than the names of the owners;
- There can be some tax benefits to the owners as compared with the sole proprietorship or partnership.

Disadvantages include:

- More expensive and complex to establish;
- For very small businesses, much of the advantage of limited liability is usually lost, since bank and lenders will insist on personal guarantees from the owners anyway.

Limited Partnership

The limited partnership is a form of business organization that was popular in the past decade. It is like a partnership in some ways and a corporation in others. Basically, the general partner organizes and runs the business, while the limited partners invest in it. All are partners for tax purposes; in other words, the net income and losses of the partnership flow directly to them. However, the liability of the limited partners is limited to the amount of their investment, as long as they don't engage in the business in any fashion, other than as passive investors. To remain a limited partner, a person must not take part in the management of the firm and may not act on behalf of the company.

Joint Venture

A joint venture is like a partnership but usually involves two or more corporations that enter into an agreement to operate an enterprise under joint ownership. The respective companies usually have some business relationship with the joint venture.

Business Registration

Whatever form of business structure you choose, you need to register the business. This is discussed in Section 8.

Tax Considerations

There are a number of tax implications with each form of business organization. You are strongly advised to obtain professional tax advice from a qualified accountant, preferably a tax specialist.

Agreements Among Principals

Whatever the form of organization, it is vital that the principals in the business execute a formal agreement among themselves. In the partnership, there is a partnership agreement, while in the corporation it is a shareholder's agreement.

The agreement should cover, at a minimum, the following kinds of issues:

- An understanding as to the purpose of the business, the roles of the principals in it, and any other mutually agreed intentions;
- Decisions requiring approval of all the principals;
- Decisions requiring approval of a majority of the principals;
- Procedures for selling or transferring an interest in the business;
- Procedures for dissolution;
- Procedures for resolving conflicts when there is a stalemate;
- Methods of compensating the principals;
- Issues having to do with the rights of and prohibitions on the principals.

Which Form of Business Should I Use?

If you're in this project on your own, a sole proprietorship is simplest and cheapest.

Incorporate a private company in which you hold all or most of the shares if you want some limitation of liability protection and/or if your tax advisor indicates some tax advantages in incorporation.

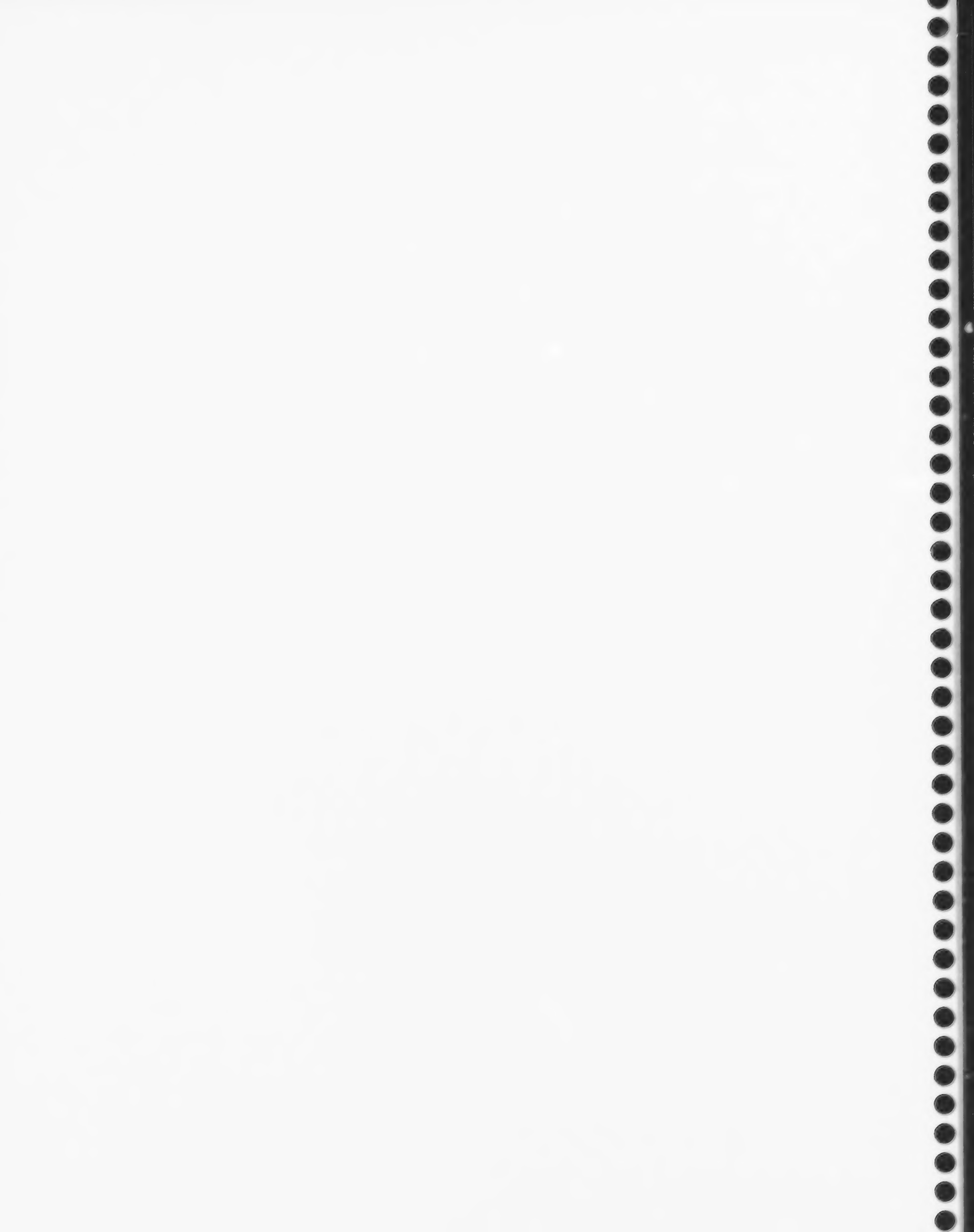
If there's more than one owner, and they all want to have a say in the running of the business, form a partnership.

In partnerships, sometimes one partner may be silent, which means he or she will supply the capital while the other supplies the know-how and the hands-on management. In most cases, however, partners work together at the business. Ideally, in a working partnership, each partner will have skills that are different but complementary to the other so that both can contribute to the business in other ways besides supplying money. Whether silent or active, your partner will usually insist on some role in management decisions.

A word of caution here: you should be very careful in choosing a business partner. Many partnerships fail because the partners cannot get along. If you do choose to form a partnership, you should have a detailed and comprehensive agreement drawn up to protect the interests of all partners.

If you have several others who are prepared to invest in the business but are not going to be active in it as partners, then the private corporation may be the best form. Your tax advisor may, on the other hand, suggest a limited partnership since it gives some tax advantages to the non-active partners.

You definitely need expert advice on this, however and you should seek help from appropriate professionals.



APPENDIX VI

emerit Standards and Certification



APPENDIX VI

emerit STANDARDS AND CERTIFICATION

The Nova Scotia Tourism Human Resource Council (<http://www.tourismhrc.com>) is a national partner of the Canadian Tourism Human Resource Council and has been actively involved in the development of National Occupational Standards for various occupations in the tourism industry, and is also the certifying body for non-apprenticeable trades in Nova Scotia. As well, the NSTHRC is the local partner for **emerit**, "Canada's best tourism training tools". **emerit** offers flexible learning options including on-line accessibility and traditional workbooks. This allows for self-directed learning of specific skill based modules and also permits individuals to challenge full certification.

Standards

Standards presently (2005) exist for 49 occupations. These are listed on the following page.

What are Standards?

Standards are statements outlining the attitude, knowledge, and skills required of an individual in order to be considered competent in an occupation. Standards clarify expectations and can be used to design consistent training, education, and professional development programs.

How are Standards Developed?

The Standard development process is based on the philosophy that the tourism industry must determine its own direction. The individuals best suited to determine the content of the Standards are those directly involved in the occupation. The mandate of the Nova Scotia Tourism Human Resource Council is to bring together business, labour, education, and training, and other stakeholders to define the standards and to ensure that they guide education and training.

Standards for a specific occupation become National once seven provinces or territories and one national association validate and accept them.

Who Benefits from Standards?

Eventually, everyone in contact with the tourism industry will benefit from the evaluation of performance in relation to industry Standards. As Standards gain recognition, industry professionals will maintain or increase personal skills, resulting in direct benefits to local and visiting consumers.

NATIONAL WORKBOOKS			
	PRICE	ENG	FRE
Bartender	75.00		
Campground Operator	75.00		
Entry Level Cook	75.00		
Food and Beverage Manager Set	275.00		
Food and Beverage Server	75.00		
Freshwater Angling Guide	75.00		
Front Desk Agent	75.00		
Guest Services Attendant	75.00		
Heritage Interpreter	75.00		
Housekeeping Room Attendant	75.00		
Hunting Guide	75.00		
Local Tour Guide	75.00		
Reservations Sales Agent	75.00		
Retail First Level Manager	75.00		
Retail Sales Associate	100.00		
Sales Manager	75.00		
Special Events Coordinator	75.00		
Special Events Manager	75.00		
Supervisory Skills (set of 4)	275.00		
Tour Director	75.00		
Tourism Essentials	75.00		
Tourism Visitor Information Counsellor	75.00		
Travel Counsellor	75.00		N/A

TRAINER'S GUIDES FOR WORKBOOKS			
	PRICE	ENG	FRE
Bartender/ Food and Beverage Server	150.00		
Food and Beverage Manager	150.00		
Front Desk Agent	150.00		
Guest Services Attendant	150.00		
Heritage Interpreter	150.00		
Housekeeping Room Attendant	150.00		
Local Tour Guide/Tour Director	150.00		
Reservations Sales Agent	150.00		
Sales Manager	150.00		
Tourism Visitor Information Counsellor	150.00		
Tourism Essentials	150.00		

CAREER PLANNING RESOURCES			
	PRICE	ENG	FRE
Career Awareness Video	27.50		
Career Expo Manual	45.00		
Career Planning Guide (Updated)	35.00		
The Student's Travel Map: 2002 (Updated)	35.00		
Tourism - A World of Opportunity (CD-Rom)	25.00		

HUMAN RESOURCE BUSINESS TOOLS			
	PRICE	ENG	FRE
Aboriginal Tourism - A Business Guide	25.00		
Performance First Series:	155.00		
Great Performances	25.00		
Less Talk, More Communication	25.00		
Making Training Work	25.00		
One-on-One Training	25.00		
Predicting Performance	25.00		
Setting the Stage	25.00		
Winning Ways	25.00		
Business Builders Series:	160.00		
Developing an Operational Plan	20.00		
Developing Your Business Profile	20.00		
Getting Your Business Market Ready	30.00		
Management and Labour Relations	30.00		
Managing Your Business Finances	20.00		
Marketing Essentials for Small Business	20.00		
Sales Forecasting	20.00		
Shaping Your Business Strategy	20.00		
HR Tool Kit	195.00		
Performance Paks (ELC, HRA, FDA, FBS, TVIC)	25.00		

To order please visit www.emerit.ca or contact 1.800.486.9158.

OCCUPATIONAL STANDARDS			
	PRICE	ENG	FRE
Bartender	40.00		
Beverage Services Manager	40.00		N/A
Banquet Server	40.00		
Banquet Manager	40.00		
Campground Operator	40.00		
Catering Manager	40.00		
Casino Dealer	40.00		
Casino Slot Attendant	40.00		
Catering Manager	40.00		N/A
Director of Sales and Marketing	40.00		N/A
Door Staff	40.00		
Food & Beverage Manager	40.00		
Food & Beverage Server	40.00		
Foodservice Counter Attendant	40.00		N/A
Freshwater Angling Guide	40.00		
Front Desk Agent	40.00		
Golf Club General Manager	40.00		
Guest Services Attendant	40.00		
Heritage Interpreter	40.00		
Housekeeping Room Attendant	40.00		
Hunting Guide	40.00		
In-room Dining Server	40.00		
Kitchen Helper	40.00		
Line Cook	40.00		N/A
Local Tour Guide	40.00		
Night Auditor	40.00		
Outdoor Adventure Guide	40.00		
Professional Cooking	80.00		
Reservations Sales Agent	40.00		
Retail First Level Manager	40.00		N/A
Retail Sales Associate	40.00		N/A
Sales Manager	40.00		
Ski Area/Resort Occupational Guidelines	85.00		
Small Business Owner/Operator	40.00		
Snowmobile Operations	40.00		
Special Events Coordinator	40.00		
Special Events Manager	40.00		
Supervisory Skills	40.00		
Taxicab Driver	40.00		
Ticket Agent	40.00		
Tour Guide/Director	40.00		
Tour Operator	40.00		
Tourism Small Business Owner/Operator	40.00		N/A
Tourism Trainer	40.00		
Tourism/Visitor Information Counsellor	40.00		
Tourism/Visitor Information Supervisor	40.00		
Travel Counsellor	40.00		
Transferable Skills	40.00		
Wine Service	40.00		

ON-LINE TRAINING			
	PRICE	ENG	FRE
Bartender (Bundle)	125.00		
Modules	25.00		
Food and Beverage Server (Bundle)	125.00		
Modules	25.00		
Front Desk Agent (Bundle)	125.00		
Modules	25.00		

For Service Professionals, Standards:

- Identify career paths;
- Identify the skill and knowledge needed
- Enhance the public image of occupations;
- Provide a basis for challenge, self-improvement, and advancement;
- Provide the basis for certification based on competent performance.

For Employers and Owners, Standards:

- Define area where employees must be proficient, which assists in recruiting, training, and development of staff. It is important to understand that Standards are not a training program or a training manual in themselves; they do not specify learning objectives, learning activities or evaluation methods. To serve as a training tool, the Standards need to be translated into a learning experience with detailed objectives, activities, and evaluations.
- They can be used to create job descriptions and conduct performance evaluations, as well as to develop and enhance training programs
- Provide employers with a highly trained workforce, which can increase productivity and decrease costs incurred by staff turnover.

For Educators, Standards:

- Provide the basis for curriculum and program development;
- Identify areas of industry where educational expertise is needed and applicable.

For Students, Standards:

- Promote the tourism/hospitality industry as a viable and fulfilling career choice;
- Identify career options within the industry.

For the General Public, Standards:

- Increase the level of professionalism of employees in the tourism/hospitality industry. This results in a higher level of service to customers and a better image of the industry.

Many Standards are available in a Workbook that is a self-study guide including all the Standards as well as exercises, performance reviews and self-tests. The Workbooks are available through the Nova Scotia Tourism Human Resource Council and can be ordered on-line from their web site.

National Certification

What is National Certification?

National Certification is a three step process. Professionals who achieve National Certification will be recognized across Canada for meeting industry requirements in their selected occupation. The candidate must be employed in the occupation and must have achieved a minimum number of hours work experience (varies depending on the occupation) prior to completing certification.

Candidates may challenge the knowledge component (i.e. the written examination) of the process at any time with no prerequisite. Study materials are recommended to assist in achieving optimal results.

The Certification process is as follows:

Step 1: Written Examination

The examination tests the candidate's familiarity with the knowledge component of the Standards. If unsuccessful, re-testing may be arranged. Oral examinations are available in special circumstances. Some certification exams are available on-line.

Step 2: Performance Review

The Performance Review is derived from the Standards and enables the candidate to practice performance skills on-the-job. The candidate is encouraged to practice the skills outlined in the Standards using the Performance Review as a guide. The review can be completed as it best suits the candidate's situation, but it is recommended that a candidate work together with his or her supervisor or a certified peer to complete it. The supervisor/certified peer can provide feedback for those skills which may need improvement.

When the candidate is ready to have his or her performance skills evaluated, the candidate contacts the Certification Team and requests an Industry Evaluation. In addition, the candidate must have a minimum number of hours experience (varies by occupation) before the Industry Evaluation can be conducted.

Step 3: Industry Evaluation

A trained evaluator observes the candidate on-the-job to ensure the candidate possesses the essential competencies of the occupation as established by the industry.

Certification

The Certification Team reviews the file to ensure that all requirements have been met. The successful candidates receive a certificate, a pin, and the Industry Evaluation comments. Unsuccessful candidates receive the Industry Evaluation comments and are encouraged to reapply.



Guides in the Series

A Guide to Starting & Operating
a Commercial or Community Attraction

A Guide to Starting & Operating
an Adventure Tourism Business

A Guide to Starting & Operating
a Retail Tourism Business

A Guide to Community Tourism Planning

A Guide to Starting & Operating
an Accommodation Business

A Guide to Starting & Operating
a Campground Business

A Guide to Starting & Operating
a Restaurant Business

A Guide to Starting & Operating
a Local Sightseeing Tour Business

A Guide to Starting & Operating
a Receptive Tour Operator Business

A Guide to Starting & Operating
a Local Visitor Information Centre

A Guide to Planning & Hosting
a Community Festival or Event

A Guide to Marketing Your
Nova Scotia Tourism Business

Guides are available by visiting
www.gov.ns.ca/dtc/tourism/tourism_devguides.asp

